

CITY OF HUNTINGTON PARK

City Council

Special Meeting Agenda

Tuesday, June 14, 2016

6:00 p.m.
City Hall Council Chambers
6550 Miles Avenue, Huntington Park, CA 90255

Graciela Ortiz
Mayor

Marilyn Sanabria
Vice Mayor



Jhonny Pineda
Council Member

Karina Macias
Council Member

Valentin Palos Amezquita
Council Member

All agenda items and reports are available for review in the City Clerk's Office and www.hpca.gov. Any writings or documents provided to a majority of the City Council regarding any item on this agenda (other than writings legally exempt from public disclosure) will be made available for public inspection in the Office of the City Clerk located at 6550 Miles Avenue, Huntington Park, California 90255 during regular business hours, 7:00 a.m. to 5:30 p.m., Monday – Thursday, and at the City Hall Council Chambers during the meeting.

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting the City Clerk's Office either in person at 6550 Miles Avenue, Huntington Park, California or by telephone at (323) 584-6230. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

CALL TO ORDER

ROLL CALL

Mayor Graciela Ortiz
Vice Mayor Marilyn Sanabria
Council Member Valentin Palos Amezquita
Council Member Karina Macias
Council Member Jhonny Pineda

PLEDGE OF ALLEGIANCE

PRESENTATIONS AND ANNOUNCEMENTS

“Certificates of Recognition” Presented to Community Police Academy Graduates (Spanish Class)

Announcement of Youth Employment Participants

Presentation by Bennett Landscaping on Landscaping Improvements

PUBLIC COMMENT

Pursuant to Government Code Section 54954.3(a) Members of the public will have an opportunity to address the City Council on items listed on this Special Meeting agenda. For items on this agenda each speaker will be limited to three minutes per Huntington Park Municipal Code Section 2-1.207. Time limits may not be shared with other speakers and may not accumulate from one period of public comment to another or from one meeting to another.

RECESS TO CLOSED SESSION

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code Section 54956.9(d)(1))

H.P. Automotive and Tow, Inc. v. City of Huntington Park, et al.
L.A.S.C No. BC 621187

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9(d)(1)

Atenea Reyes v. City of Huntington Park
L.A.S.C No. BC 576659

CLOSED SESSION (Continued)

3. CONFERENCE WITH LABOR NEGOTIATOR
(Government Code Section 54957.6(a)) - Regarding Represented Employees
City's Designated Representative(s) for Negotiations: Edgar Cisneros, City
Manager
Employee Organization: Police Officers Association (POA)
4. CONFERENCE WITH LABOR NEGOTIATOR
(Government Code Section 54957.6(a)) - Regarding Represented Employees
City's Designated Representative(s) for Negotiations: Edgar Cisneros, City
Manager
Employee Organization: Police Management Association (PMA)

RECONVENE TO OPEN SESSION

CLOSED SESSION ANNOUNCEMENT

CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items prior to the time the Council votes on the motion unless members of the Council, staff, or the public request specific items to be discussed and/or removed from the Consent Calendar for separate action.

OFFICE OF THE CITY CLERK

1. **Approve Minute(s) of the following City Council Meeting(s):**
 - 1-1 Regular City Council Meeting held Tuesday, May 3, 2016.

REGULAR AGENDA

CITY MANAGER

2. **Approve Second Amendment to Contract Services Agreement with Carl Warren & Company for Third Party Administration Services for General Liability Claims**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve second amendment to contract services agreement with Carl Warren & Company for third party claims administration services;
2. Authorize the Mayor/City Manager to execute the agreement; and
3. Direct the City Clerk and City Manager to conduct a request for proposals (RFP) for the service consistent with city practices prior to December 31, 2016.

REGULAR AGENDA (Continued)

COMMUNITY DEVELOPMENT

3. Approve Affordable Housing Agreement with Old Timers Housing Development Corporation

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve an Affordable Housing Agreement with Oldtimers Housing Development Corporation to provide a total of \$295,400 in Federal HOME funds to complete improvements at property located at 6303 Marconi Street; and
2. Authorize the City Manager to execute the Agreement and all attachments incorporated herein as part of the agreement (i.e. Promissory Note, Deed of Trust, Regulatory Agreement).

4. Resolution Authorizing the City to Apply for a Section 108 Loan Guarantee Program

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve Resolution No. 2016-25, authorizing the City to submit an application for a Section 108 Loan Guarantee Program administered by the U.S. Department of Housing and Urban Development (HUD) to facilitate the development of a potential commercial project; and
2. Authorize the City Manager to execute all documents related Section 108 Loan.

PUBLIC WORKS

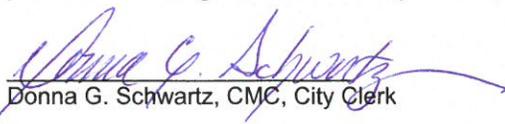
5. Huntington Park Strip Traffic Concerns

- DISCUSSION ONLY -

ADJOURNMENT

The City of Huntington Park City Council will adjourn to a Regular Meeting on Tuesday, June 21, 2016, at 6:00 P.M.

I Donna G. Schwartz, hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted at City of Huntington Park City Hall and made available at www.hpca.gov not less than 24 hours prior to the meeting. Dated this 9th day of June, 2016.


Donna G. Schwartz, CMC, City Clerk

Regular Meeting of the
City of Huntington Park City Council
Tuesday, May 3, 2016

Sergeant at Arms read the Rules of Decorum.

The regular meeting of the City Council of the City of Huntington Park, California was called to order at 6:02 p.m. on Tuesday, May 3, 2016, in the Council Chambers at City Hall, 6550 Miles Avenue, Huntington Park, California; Mayor Graciela Ortiz presiding.

ROLL CALL

PRESENT: Council Members Valentin Palos Amezcuita, Jhonny Pineda, Karina Macias, Vice Mayor Marilyn Sanabria and Mayor Graciela Ortiz. CITY OFFICIALS/STAFF: Edgar Cisneros, City Manager; Noel Tapia, Assistant City Attorney; Cosme Lozano, Chief of Police; Josette Espinosa, Director of Parks and Recreation; Jan Mazyck, Interim Finance Director; Manuel Acosta, Economic Development Manager; Michael Ackerman, Acting Public Works Director/City Engineer, Christina Dixon, Staff Analyst, Martha Castillo, Human Resources Director and Jessie Gomez, Junior Deputy City Clerk.

INVOCATION

The Invocation was led by Mayor Ortiz

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Daphne Montoya, student at Lucille Roybal-Allard Elementary School.

PRESENTATIONS AND ANNOUNCEMENTS

Council presented a Proclamation to San Antonio Mental Health Clinic and LAUSD Mental Health Program, Proclaiming the Month of May to be "Mental Health Awareness Month."

Council presented a "Certificate of Recognition" to Nick "The Greek" Ioannidis, Celebrating his 41st Year Anniversary as a United States Citizen.

Kenneth Pun, CPA, CTMA and Frances Kuo, Audit Manager at The Pun Group presented a PowerPoint Presentation on the City's Fiscal Year (FY) 2014/2015 Audit.

PUBLIC COMMENT

1. Francisco Rivera, commented on having family restaurants in the city.
2. Rafael Contreras, Public Works Project Engineer for the City of Vernon, spoke in support of item 6 and a potential joint application for the open streets project.
3. DeAnn D'Lean, We the People Rising, commented on the number of Closed Session items on the agenda.
4. Catherine Bueno Granados, Manager, County of Los Angeles Public Library, introduced herself as the new Library Manager and informed Council on upcoming events.
5. Carlos Tavino, DaVita representative, asked for City Councils support to build a new dialysis clinic due to the overcapacity and insufficient space for patients.
6. Kai Chan, KCDA Da Vita representative, spoke in support of the proposed new outpatient dialysis clinic
7. Rodolfo Cruz, commented on Bonds, spoke in opposition to bringing a Sherriff's Department in the city and pointed out the issue with Well 17 being dry.

Council Member Pineda stepped out at 7:36 p.m.

Vice Mayor Sanabria stepped out at 7:39 p.m.

8. Sandra Orozco, read a bible verse, asked about the softball leagues returning to the City, commented on the homeless issue and commission appointments.

Council Member Pineda returned to the Chambers at 7:43 p.m.

9. Betty Retama, commented on the sound system in the Chambers, police complaint, and bicycles being an issue in the City.
10. Joan Lias, resident, questioned city services and commented on PD phone issues.
11. Raul Rodriguez, American First Latinos, addressed signs that he was holding, commented on commission appointments.
12. Janet West, We the People Rising, commented on agenda item 10 pertaining to Traffic impact, commission appointments and quoted Jason Chaffetz, Representative and Sarah Saldaña, ICE Director.
13. Wes Parker, commented on a Costa Mesa incident pertaining to family values and laws.
14. Robin Hvidston, commented on commission appointments, honored Nick the Greek, read accomplishments and a letter presented to Nick by the State Legislature.

Vice Mayor Sanabria returned to the Chambers at 8:00 p.m.

15. Vaughn Beck, quoted LA Times statistics.
16. Stella Stevens, held up a sign, spoke in regards to undocumented immigrants and Lawlessness.
17. Chanell, We the People Rising, commented on undocumented immigrants and recited a poem.
18. Arthur Schapper, We the People Rising, commented on the Costa Mesa incident, and commission appointments.

Council Member Macias stepped out at 8:13 p.m. and returned to the Chambers at 8:19 p.m.

Mayor Ortiz gave Arthur Schaper his first and second warning for being disruptive.

19. Dr. Newman, We the People Rising, read from the bible.
20. Nick Ioannidis, resident, commented on incidents that occurred during his years in the city.
21. Valentin Palos Amezcuita, commented on Nick the Greek mistreatment, spoke in regards to his objectives, and commission appointments.

STAFF RESPONSE

Parks and Recreation Director Espinosa, responded to Ms. Orozco's question regarding softball leagues, stating the new girls softball league will begin late summer early winter.

City Manager Cisneros, noted that bike safety lessons and practices would be given at the CicLavia event.

Chief of Police Lozano, responded to Ms. Lias' comment regarding the Police Department established phone system. Chief Lozano provided the public with direct business lines to the dispatch center. City Manager Cisneros added that the current phone system is antiquated and that the City is looking into updating the current phone system.

Council Member Macias requested an update to be scheduled for the next City Council Meeting regarding to the tree trimming issue.

At 8:34 p.m. Assistant City Attorney Tapia recessed to Closed Session

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Government Code section 54956.9(d)(2)) – One matter

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9(d)(1)

City of Huntington Park v. County of Los Angeles, et al.
L.A.S.C No. BC 547969

3. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Government Code Section 54956.9 (d)(4)) – One matter
RECONVENE TO OPEN SESSION

At 9:47 p.m. Mayor Ortiz reconvened the meeting with all Council Members present.

CLOSED SESSION ANNOUNCEMENT

Assistant City Attorney Tapia announced that the City Council discussed closed session items 1-4 stating that direction was given no action taken.

CONSENT CALENDAR

Council Member Macias requested to pull item 1 for further discussion.

Motion: Mayor Ortiz moved to continue Item 1 to the next regular city council meeting, seconded by Vice Mayor Sanabria.

Substitute Motion: Council Member Amezcua motioned for a substitute motion to pull item 1 for discussion and corrections to the April 19, 2016 City Council Meeting Minutes, substitute motion failed due to lack of second.

OFFICE OF THE CITY CLERK

1. **Approve Minute(s) of the following City Council Meeting(s):**

1-1 Regular City Council Meeting held Tuesday, April 19, 2016;

Motion: Mayor Ortiz moved to approve consent items, seconded by Vice Mayor Sanabria. Motion passed 4-1-0 (Amezcua NO) with the exception of item 1:

ROLL CALL **Items 2, 3, and 4:**

AYES: Council Member(s): Pineda, Macias, Vice Mayor Sanabria and Mayor Ortiz

NOES: Council Member(s): Amezcua

COMMUNITY DEVELOPMENT

2. Adopted Ordinance No. 2016-948, Amending the Land Use Element of the General Plan; and Ordinance Amending Title 9, Chapter 4, Article 3 of the Huntington Park Municipal Code Relating to Property Development Standards; a Conditional Use Permit to Establish a Self-Storage Facility; a Development Permit for the Construction of Two Warehouse Buildings Totaling 245,000 Square Feet; a Tentative Parcel Map to Divide One Parcel into Two; and the Adoption of a Mitigated Negative Declaration Under the California Environmental Quality Act (CEQA) for Property Located at 6901 Alameda Street within the Manufacturing Planned Development (MPD) Zone.

CONSENT CALENDAR (Continued)

COUNCIL

3. Adopted Resolution No. 2016-15, Amending Resolution No. 2016-12, Adopting an Order of Business at City Council Meetings.

FINANCE

4. Approved Accounts Payable and Payroll Warrants dated May 3, 2016.

END OF CONSENT CALENDAR

REGULAR AGENDA

COUNCIL

5. **Appointment of City Council Member to the Los Angeles County Sanitation District No. 1**

Motion: Mayor Ortiz moved to appoint **Council Member Macias** as Alternate to the Los Angeles County Sanitation District No. 1, seconded by Vice Mayor Sanabria. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezcuita, Pineda, Macias, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

CITY MANAGER

6. **Approval of Metro Grant Application for an Open Streets Program**

Motion: Vice Mayor Sanabria moved to approve Metro Grant Application for Open Streets Program, offered by the Los Angeles County Metropolitan Transportation Authority (METRO) to apply for funding of an open streets event in partnership with the City of Vernon and potentially other neighboring jurisdictions and nonprofit agencies, seconded by Council Member Amezcuita. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezcuita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

PARKS AND RECREATION

7. **Approved License Agreement with Schoeppner Shows to Provide a Four (4) Day Carnival, July 1-4, 2016, at Salt Lake Park**

Motion: Council Member Pineda motioned to approve application and agreement with Schoeppner Shows, to provide a four (4) day carnival, July 1-4, 2016, at Salt Lake Park, seconded by Vice Mayor Sanabria. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezcuita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

REGULAR AGENDA (Continued)

POLICE

8. Approved Request to Appropriate the amount of \$74,900 from the Police Forfeiture Fund to Purchase New Computer Hardware and Software for Police Department Information Technology Section

Motion: Vice Mayor Sanabria motioned to approve the appropriation of funds, authorize service of Lan Wan to install and implement newly purchased hardware, software and authorize the Chief of Police to acquire hardware, other associated equipment, software and labor costs needed to completed the project, seconded by Council Member Macias. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

PUBLIC WORKS

9. Approved Contract Agreement for the Pacific Boulevard Improvements from Florence Avenue to Slauson Avenue

Motion: Vice Mayor Sanabria motioned to award the contract to Interlog, authorized the City Manager to execute agreement and approve environmental assessments, seconded by Council Member Amezquita. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

10. Rejected all Bids and Directed Public Works to Complete the Modified Crosswalk Improvements at 57th and 58th Streets at Pacific Boulevard Project

Motion: Vice Mayor Sanabria motioned to reject all bids and authorize Public Works to Complete the construction of the modified crosswalk improvements at 57th and 58th Streets at Pacific Boulevard Project, seconded by Council Member Pineda. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

11. Authorize the Solicitation of Bids for the Lease of 800 Acre Feet of Water Rights, Without Flex

Motion: Vice Mayor Sanabria motioned the solicitation of bids for the lease of 800 acre feet of water rights, without flex and the City Manager to execute any and all documents pursuant to the leasing of the water rights for the City Water utility, seconded by Council Member Macias. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

REGULAR AGENDA (Continued)

12. Approved Resolution and Authorized for the Submittal of an Application to the Water Replenishment District (WRD) for a Safe Drinking Water Program for Well 15

Motion: Council Member Amezquita motioned to adopt Resolution No. 2016-16, authorizing the City to apply for funding from the Safe Drinking Water Program for Well 15 improvements and authorized the City Manager to execute the application and any documents pursuant to the program, seconded by Mayor Ortiz. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

FINANCE

13. Authorization to Enter into an Agreement for the Provision of a City-Wide Inventory Relating to the City's Capital Assets; and Authorizing the City Manager to Execute such Agreement

Motion: Council Member Jhonny Pineda motioned to continue item to next City Council Meeting, seconded by Mayor Ortiz. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz
NOES: Council Member(s): None

CITY CLERK

14. Discussion Regarding Minutes for City Council Meeting and Policies Pertaining to Official City Recognition

- DISCUSSION ONLY -

Vice Mayor Sanabria stepped out at 11:15 p.m. and returned to the Chambers 11:21 p.m.

END OF REGULAR AGENDA

PUBLIC HEARING

COMMUNITY DEVELOPMENT

15. Consideration and Adoption of the City of Huntington Park's Fiscal Year (FY) 2016/2017 Annual Action Plan

City Manager Cisneros introduced Manuel Acosta, Economic Development Manager who gave a PowerPoint Presentation by giving an overview of the 5-year consolidated plan for the goals and priorities of the Housing and Urban Development Department Plan.

Mayor Ortiz suggested to leave program as is and revisit this item in the future provide more help for senior citizens, along with creating an ad-hoc committee.

Mayor Ortiz opened the item up for public comment.

PUBLIC HEARING (Continued)

Public Comment

1. Dr. Newman, noted a date typo on the PowerPoint Presentation.
2. Raul Rodriguez, DeAnn D'Lean and Sandra Orozco, are in favor of helping senior citizens and suggested that the City provide help for the homeless.

Mayor Ortiz closed public comment.

Motion: Mayor Ortiz motioned to approve item with noted changes and direction to create an ad-hoc committee, review regulations and to come back with an amended annual action plan seconded by Council Member Macias. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Council Member(s): Amezquita, Macias, Pineda, Vice Mayor Sanabria and Mayor Ortiz

NOES: Council Member(s): None

DEPARTMENTAL REPORTS (Information only)

WRITTEN COMMUNICATIONS - None

COUNCIL COMMUNICATIONS

Council Member Jhonny Pineda – requested the Traffic Authority look into an issue that was brought to his attention by Ms. Basulto, representative of Tree People, requesting a street bump be put in on her street, Council Member Pineda asked colleagues for their collaboration for the “Health for All” Community Town Hall Event in Walnut Park adding his request to sponsor this event by using the City Logo, thanked staff for all their hard work and thanked the public for staying late.

Council Member Karina Macias - Thanked staff and colleges for all their hard work and continued efforts on attending city events. Ms. Macias Acknowledged Chief of Police Lozano for being honored with the Zaragoza Award, and announced her attendance at the Board of Supervisors Meeting where she expressed the needed park space of our parks.

Council Member Valentin Palos Amezquita – commented on Santa Clarita’s budget, commended consultant’s presentation and responses, recommended public strategical meetings for future budgets, requested that the City look into rent control to help seniors, homeless and Veteran issues, requested staff consider working with homeowners to legalize dwellings. Commented on the difference between the word illegal vs. undocumented and saving money by having a Civil Service City Attorney. Mentioned saving money on various contracts and thanked the public for staying late.

Vice Mayor Marilyn Sanabria – Thanked and congratulated Chief Lozano on receiving an award, commented on rent control, homelessness, acknowledged mental health issues, and expressed her content with the water lease, mentioned the commitment of attending community events. Suggested to Council Member Amezquita to be mindful of his remarks and thanked all who were present.

Mayor Graciela Ortiz – Thanked Police Department, Chief of Police Lozano and staff for their hard work, announced upcoming city events and invited all colleagues to attend.

ADJOURNMENT

At 12:10 a.m. Mayor Ortiz adjourned the City of Huntington Park Council Meeting to a Regular Meeting on Tuesday, May 17, 2016, at 6:00 p.m.

Respectfully submitted,

Yesenia Gomez, Jr. Deputy City Clerk

DRAFT



CITY OF HUNTINGTON PARK

City Manager's Office
City Council Agenda Report

June 14, 2016

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

APPROVE SECOND AMENDMENT TO CONTRACT SERVICES AGREEMENT WITH CARL WARREN & COMPANY FOR THIRD PARTY ADMINISTRATION SERVICES FOR GENERAL LIABILITY CLAIMS

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve second amendment to contract services agreement with Carl Warren & Company for third party claims administration services;
2. Authorize the Mayor/City Manager to execute the agreement; and
3. Direct the City Clerk and City Manager to conduct a request for proposals (RFP) for the service consistent with city practices prior to December 31, 2016.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On August 26th, 2014, the City of Huntington Park entered into a First Amendment contract with Carl Warren & Company for third party claims administration services. This first amendment agreement which expires this June, also gives the City the option to renew for up to 3 years. At this time, staff is seeking an extension to December 31, 2016, while an RFP is conducted. It is recommended that Carl Warren & Company continue providing these services under a contract services agreement for a maximum of 6 months.

BACKGROUND

Carl Warren & Company has performed third party claims administration services for the City of Huntington Park since 2013.

**APPROVE SECOND AMENDMENT TO CONTRACT SERVICES AGREEMENT WITH
CARL WARREN & COMPANY FOR THIRD PARTY CLAIMS ADMINISTRATION
SERVICES**

June 14, 2016

Page 2 of 2

FISCAL IMPACT/FINANCING

No fiscal impact. The funding for six (6) months of this service is included in the FY 2016/17 budget in account number 745-9031-413.33-70, Contractual Services.

CONCLUSION

Upon approval, the Mayor/City Manager will execute the contract services agreement with Carl Warren & Company for third party claims administration services and initiate an RFP for future services.

Respectfully submitted,



EDGAR P. CISNEROS
City Manager

ATTACHMENTS

- A. First Amendment to Third Party Claims Administration Contract with Carl Warren & Company (master agreement attached)
- B. Second Amendment to Third Party Claims Administration Contract with Carl Warren & Company

FIRST AMENDMENT TO
THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AMENDMENT (the "Amendment") to that certain agreement titled "Third Party Claims Administration Contract" is made and entered into on this 26th day of August 2014 by and between CITY OF HUNTINGTON PARK, a municipal corporation ("PRINCIPAL") and Carl Warren & Company, a California corporation ("CONTRACTOR").

RECITALS

WHEREAS, the Parties executed and entered into that certain agreement titled, "Third Party Claims Administration Contract," having an effective date of July 1, 2013 (hereinafter, the "2013 Contract") (A true and correct copy of the 2013 Contract is maintained at the offices of the City Clerk as a public record); and

WHEREAS, the 2013 Contract provides for CONTRACTOR to represent PRINCIPAL and provide administrative services in matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against PRINCIPAL and other specified participants; and

WHEREAS, Section 7 of the 2013 Contract provides for a one-year renewal, subject to an annual review of rates;

WHEREAS, the Parties seek to amend the 2013 Contract upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Section 7 (Period of Agreement) of the 2013 Contract is hereby amended to be replaced with the following: The 2013 Contract is renewed for two years, commencing on July 1, 2014 and terminating on June 30, 2016, unless otherwise extended by agreement of the Parties for up to three additional years.

2. Section 8 (Consideration) of the 2013 Contract is hereby amended to be replaced with the following:

Compensation and Schedule of Payment.

a. CONTRACTOR agrees to provide, and PRINCIPAL agrees to pay, a one-time per-claim charge for the life of the agreement, according to the following schedule:

Item	Pricing
Incident only (no claim) <i>Record only, will not appear on the loss run, but will be available for tracking purposes.</i>	\$50.
Property Damage, no bodily injury, not litigated. <i>Not including appraisal cost.</i>	\$375.
Property Damage, no bodily injury, litigated <i>Not including appraisal cost.</i>	\$1,350.
Bodily Injury, not litigated	\$750.
Bodily Injury, litigated	\$1,750.

b. Should PRINCIPAL pay a per-claim fee and the claim is subsequently elevated to a different category (e.g. incident only to bodily injury, not litigated), PRINCIPAL is obligated to pay only the difference between the pricing of the two categories.

c. The Parties each understand, acknowledge, and agree that PRINCIPAL is solely responsible for payment of amounts due to CONTRACTOR.

d. Payment Schedule. CONTRACTOR shall submit itemized statements for fees once a month following the month covered by each statement. If the statements are correct, PRINCIPAL shall pay CONTRACTOR within thirty (30) calendar days after each statement is received by PRINCIPAL.

e. Inspection of Books and Records. Upon request by PRINCIPAL, CONTRACTOR shall provide time records and backup data and records verifying project costs and expenses, including out-of-pocket third party expenses.

3. Insurance. The 2013 Contract is hereby amended as follows:

a. CONTRACTOR shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with CONTRACTOR's performance. The cost of such insurance shall be borne by CONTRACTOR. Failure to procure and/or maintain the proper insurance is grounds for termination of this agreement.

b. The CONTRACTOR shall maintain the following minimum insurance coverage:

(i) Commercial General Liability insurance in an amount no less than \$1,000,000 per occurrence with an aggregate of no less than twice the per occurrence limit. Such insurance shall be endorsed to name PRINCIPAL and its officers, agents and employees as additional insureds.

(ii) Business Automobile Liability insurance in an amount no less than \$1,000,000 per accident. Such insurance shall include coverage for owned, hired and non-owned autos.

(iii) Workers' Compensation insurance meeting all statutory benefit requirements of the Labor Code of the State of California and Employers Liability insurance with a minimum limit of \$1,000,000 each accident for bodily injury or disease. The workers' compensation insurance shall be endorsed to waive any right to subrogation against PRINCIPAL and its officers, agents and employees.

(iv) Professional Errors & Omissions insurance with a minimum limit of \$2,000,000 per occurrence with an aggregate of no less than twice the per occurrence limit.

(v) Crime/Employee Dishonesty: \$1,000,000 to include employee dishonesty, disappearance, theft, and forgery or alteration coverage in a form and issued by an insurance or bonding company or companies acceptable to PRINCIPAL.

c. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

(i) PRINCIPAL and its officers, agents and employees are to be covered as insureds as respects: liability arising out of work or operations performed by or on behalf of CONTRACTOR, or automobiles owned, leased, hired or borrowed by CONTRACTOR.

(ii) For any claims related to this project, CONTRACTOR's insurance coverage shall be primary insurance as respects the PRINCIPAL and its officers, agents and employees. Any insurance or self insurance maintained by PRINCIPAL and its officers, agents and employees, shall be excess of the CONTRACTOR's insurance and shall not contribute with it.

(iii) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to PRINCIPAL.

d. Within thirty (30) days of execution of this Amendment, CONTRACTOR shall provide PRINCIPAL with a certificate of insurance and required endorsements evidencing that such insurance has been obtained and is in full force and effect. Such coverage shall provide thirty (30) calendar days' notice to PRINCIPAL of intent to cancel or non-renewal.

e. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best Company rating of no less than A- (FSC VII) unless otherwise acceptable to PRINCIPAL.

f. Verification of Coverage. Prior to commencement of work, CONTRACTOR shall furnish PRINCIPAL with original certificates and required endorsements effecting coverage required by this clause. PRINCIPAL reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

4. Except as otherwise set forth in this Amendment, the 2013 Contract shall remain binding, controlling and in full force and effect. This Amendment together with the 2013 Contract shall constitute the entire, complete, final and exclusive expression of the Parties with respect to the matters addressed in both documents.

5. In the event of any conflict or inconsistency between this Amendment and the 2013 Contract, the provisions of this Amendment shall control, but only to the extent necessary to resolve the conflict or inconsistency.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the day and year first appearing above.

CONSULTANT

Carl Warren & Company

By: Tom Boylan

Name: Tom Boylan

Title: CEO 9/9/14

PRINCIPAL

City of Huntington Park

By: Julio Morales
Julio Morales, Interim City Manager

APPROVED AS TO FORM

By: Scott Burnett
City Attorney



THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AGREEMENT, entered into effective **July 1, 2013** by and between **City of Huntington Park, California**, hereinafter called "PRINCIPAL," and **CARL WARREN & COMPANY**, hereinafter called "CONTRACTOR," is for certain services as outlined in connection with the duties and responsibilities of administering a program of self-insurance.

WITNESSETH

WHEREAS, PRINCIPAL has undertaken to self-insure and is in need of a qualified third party ("TPA") to whom to delegate the responsibilities and duties of administering said partially or totally self-insured insurance program, and

WHEREAS, CONTRACTOR is engaged in the supervision and administration of programs for self-insurance and has been the TPA of record and wishes to continue in that role,

NOW, THEREFORE, PRINCIPAL and CONTRACTOR mutually understand and agree as follows:

1. GENERAL

CONTRACTOR shall: (a) supervise and administer the Self-Insurance program for PRINCIPAL; (b) represent the PRINCIPAL in all matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against the PRINCIPAL (and other participants in the program as specified); and (c) provide to PRINCIPAL during the term of this Agreement all the services more particularly set forth hereinafter.

2. INVESTIGATIVE SERVICES

CONTRACTOR shall provide complete investigative and analytical services including, but not limited to: (a) receipt and examination of all reports of accidents, incidents, claims or cases which are or may be the subject of such claims reported by PRINCIPAL to CONTRACTOR; and (b) the investigation of such accidents, incidents, claims or cases where examination warrants such investigation or when requested by PRINCIPAL, such investigation to include on-site investigation, photographs, interviewing of witnesses, determination of losses and other such investigative services necessary to determine liability and loss but not to include Allocated Expenses and extraordinary professional services set forth below.

Regarding Allocated Expenses, PRINCIPAL agrees to pay for the cost of all reasonable and supportable extraordinary services and costs, including but not limited to, professional

photography, police reports, independent medical examinations, professional engineering services, laboratory services, bulk copy jobs, private investigators, legal costs and fees and work performed by accountants. CONTRACTOR shall charge PRINCIPAL for non-staff investigators or adjusters when, in the opinion of CONTRACTOR, such assistance is necessary and reasonably related to the monetary exposure.

3. SETTLEMENT AUTHORITY

CONTRACTOR shall have discretionary settlement authority up to \$ -0-

4. CLAIMS ADJUSTMENT SERVICES

CONTRACTOR shall provide complete claims adjustment services on each accident or incident that may be the subject of a claim against the PRINCIPAL which is reported to CONTRACTOR by the PRINCIPAL. Such services shall include, but not be limited to (a) the maintenance of a claim file on each potential or actual claim reported to CONTRACTOR; (b) whenever its investigation results in a determination that PRINCIPAL has sustained a liability to a third party, CONTRACTOR shall process any such claim or potential claim for settlement in accordance with the PRINCIPAL'S instructions for settlement of such claims; and (c) obtaining all release agreements or proofs of loss on settlement of any claim or potential claim. Specific service instructions will be added to this contract as an exhibit. If subrogation is pursued, the rates in Section 8 will apply unless a separate contingency fee agreement is agreed to by PRINCIPAL and CONTRACTOR.

5. ADMINISTRATIVE SERVICES

CONTRACTOR shall provide at least the following administrative services: (a) assignment of a Principal Account Adjuster to the PRINCIPAL; (b) providing PRINCIPAL with electronic access to all reported claims during the term of this Agreement, indicating the status of each reported open claim assigned to CONTRACTOR, the details of each such claim, the outstanding reserves for each claim and details of all claim payments; and (c) periodic review and adjusting of reserves on all open claims. Account specific reports and attendance at meetings (including round trip travel) shall be provided by CONTRACTOR at the same rates provided in Section 8 as services.

6. LEGAL SUPPORT SERVICES

CONTRACTOR shall provide at least the following legal support services on each claim wherein the claimant has commenced litigation: (a) Upon notification by PRINCIPAL that litigation has been filed on an open claim, CONTRACTOR shall notify PRINCIPAL and, in accordance with PRINCIPAL'S instructions, the PRINCIPAL'S excess insurance carrier and/or excess reporting authority, pool or group (the "excess entity") and/or trial attorney assigned by PRINCIPAL to handle the case and provide such excess entity and/or trial attorney with all information and files concerning claim; (b) maintain liaison with

PRINCIPAL'S excess entity and/or trial attorney and provide such investigation services as are required by such attorney during pre-trial and trial stages: and (c) assist PRINCIPAL'S excess entity and/or trial attorney with discovery and other legal processes.

7. PERIOD OF AGREEMENT

This Agreement shall operate on a month-to-month basis for a period of no longer than twelve (12) months commencing effective July 1, 2013 and ending June 30, 2014, after which date this Agreement shall renew for one (1) year periods of time and rates will be reviewed annually.

8. CONSIDERATION

PRINCIPAL agrees to pay, effective July 1, 2013 the following claim handling fees for CONTRACTOR'S services:

Annual Administrative Fee:

\$2,500 (invoice will be generated in conjunction with the execution of this Agreement; the amount will not be pro-rated based upon the number of months this Agreement remains in effect during the first year)

Per Claim Fee:

\$700 (life of contract price; invoice will be generated in the month in which the claim is received)

Litigation Surcharge:

\$350 (if a claim goes into litigation, a one time surcharge of 50% of the per claim fee will be invoiced)

****CLAIM FEES DO NOT INCLUDE ALLOCATED LOSS ADJUSTMENT EXPENSES.***

Time and Expense Fees For Field Activities:

Adjusting Services	\$65.00 per hour
Mileage	IRS Rate
Photocopy	.20 per page
Photographs	\$2.50 per photo
Audio Cassettes	\$2.50 per cassette
Video Cassettes	\$10.00 per Cassette
Outside Expenses	At Cost

Unless a multi-year contract term is in effect, this fee schedule shall be subject to negotiations between PRINCIPAL and CONTRACTOR at no less than one (1) year intervals following the effective date of the Agreement. Charges for non-file-related professional services performed at the specific request of PRINCIPAL will be billed on an as quoted basis.

9. DATA PROCESSING

(a) The following standard services are included in this cost and in the annual administrative fee - claims data electronically for up to three recipients and access to mycarlwarren.com for up to three users. For security purposes, access to mycarlwarren and any subscriptions will automatically terminate at the end of twelve (12) months. PRINCIPAL shall be responsible for notifying CONTRACTOR to renew user subscriptions and access or to substitute users.

(b) Additional users or recipients shall be charged on a per person basis at an annual fee of \$250.

(c) Special reports, new reports and data feeds can also be requested. They are subject to a cost per quote at a rate per project or per hour once the scope has been agreed upon. CONTRACTOR does not possess any interest, title, lien or right to any client data or records. Therefore, upon termination of the contract, CONTRACTOR is relieved of all obligations to provide data processing services to PRINCIPAL and will deliver to PRINCIPAL all data and records in a readily available excel or PDF format. If a different format is desired by PRINCIPAL, CONTRACTOR will provide it to PRINCIPAL at an agreed upon and reasonable cost and timeline.

10. PRINCIPAL'S RESPONSIBILITIES

PRINCIPAL shall provide CONTRACTOR with copies of all relevant documents upon request and without charge and shall make available any PRINCIPAL employee for interviews by CONTRACTOR at reasonable times concerning any investigation of a claim or incident pursuant to this Agreement.

CONTRACTOR shall bill PRINCIPAL and furnish PRINCIPAL with invoices for services rendered in accordance with the fee schedule set forth in the Agreement. Each invoice will include the claim or other matters for which a fee is being charged and the amount of the associated fee for that claim or matter. Payment shall be due and payable within thirty (30) days of receipt. PRINCIPAL shall report all billing discrepancies in writing to CONTRACTOR within thirty (30) days and adjustments will be promptly considered. PRINCIPAL will become delinquent when any undisputed invoice has been outstanding for over ninety (90) days. CONTRACTOR may elect to limit access to data and/or suspend and/or terminate this Agreement in the event PRINCIPAL fails to pay CONTRACTOR. Good faith disputed amount(s) will not be considered in establishing delinquency. CONTRACTOR will notify PRINCIPAL of such failure to pay and if PRINCIPAL does not cure such failure, excluding any good faith disputed amount, within ten (10) banking days after the date of such notice ("the cure period"), CONTRACTOR may immediately limit access to data and/or suspend and/or terminate this Agreement as of the first business day following expiration of the cure period, and/or send the outstanding invoices to a collection agency to pursue recovery of outstanding amounts plus fees and interest.

11. CONFLICT OF INTEREST

In the event a claim or incident is reported to CONTRACTOR by PRINCIPAL and it is determined that the actual or potential claimants therein are also clients of CONTRACTOR, then CONTRACTOR shall immediately notify PRINCIPAL of such potential conflict of interest so PRINCIPAL may have the option to choose an independent investigator and adjuster.

12. CANCELLATION OF AGREEMENT

This Agreement may be terminated by either party with or without cause upon giving other party written notice at least thirty (30) days prior to the date of termination.

13. DISPOSITION OF FILES ON TERMINATION OF AGREEMENT

(a) All files on each claim shall be property of the PRINCIPAL.

(b) In the event of expiration of the Agreement, non-renewal thereof, or cancellation, CONTRACTOR shall bill the PRINCIPAL, subject to the rates quoted in Section 8 herein above, for work completed by CONTRACTOR on each claim. Upon receipt of payment of outstanding invoices (including those in 13c below), CONTRACTOR shall promptly forward all completed and pending claim files to the PRINCIPAL unless PRINCIPAL requests CONTRACTOR to continue to process any files on a time and expense basis as provided for in the CONTRACTOR'S Rate Manual at the time such services are rendered.

(c) PRINCIPAL agrees to pay CONTRACTOR for the internal and/or external cost of retaining, storing, retrieving, logging, packing and shipping files which are stored on or off premises by CONTRACTOR.

14. HOLD HARMLESS

PRINCIPAL agrees to defend any legal action commenced against CONTRACTOR caused directly or indirectly by the alleged wrongful or negligent acts, errors or omissions of PRINCIPAL; and indemnify CONTRACTOR against any liability, loss, cost or damage including attorneys' fees resulting therefrom.

CONTRACTOR agrees to defend any legal action commenced against PRINCIPAL caused directly or indirectly solely by the wrongful or negligent acts, errors or omissions of the CONTRACTOR, employees, agents or others engaged by CONTRACTOR and to indemnify PRINCIPAL against any liability, loss, cost or damage including attorneys' fees resulting therefrom.

15. AUDITS

The CONTRACTOR'S files shall be made available for audits at any time upon reasonable notice. Reasonable notice shall be defined as thirty (30) days or as otherwise agreed by the parties. If special retrieval or shipment of the requested files is necessary, PRINCIPAL shall reimburse CONTRACTOR at cost. The CONTRACTOR reserves the right to reject an auditor proposed by PRINCIPAL if the proposed auditor may gain an unfair competitive advantage over CONTRACTOR by conducting such an audit.

IN WITNESS WHEREOF, the parties hereto have caused these present to be signed by the duly authorized Officers as of the day and year first above written.

(CONTRACTOR)

(PRINCIPAL)

CARL WARREN & COMPANY

CITY OF HUNTINGTON PARK

BY: *Campechebert*

BY: *René Bobadilla*

René Bobadilla

TITLE: *President*

TITLE: City Manager

DATE: *9/18/13*

DATE: September 16, 2013

15. AUDITS

The CONTRACTOR'S files shall be made available for audits at any time upon reasonable notice. Reasonable notice shall be defined as thirty (30) days or as otherwise agreed by the parties. If special retrieval or shipment of the requested files is necessary, PRINCIPAL shall reimburse CONTRACTOR at cost. The CONTRACTOR reserves the right to reject an auditor proposed by PRINCIPAL if the proposed auditor may gain an unfair competitive advantage over CONTRACTOR by conducting such an audit.

IN WITNESS WHEREOF, the parties hereto have caused these present to be signed by the duly authorized Officers as of the day and year first above written.

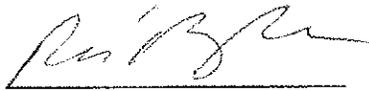
(CONTRACTOR)

(PRINCIPAL)

CARL WARREN & COMPANY

CITY OF HUNTINGTON PARK

BY: _____

BY:  _____

René Bobadilla

TITLE:

TITLE: City Manager

DATE: _____

DATE: September 16, 2013

SECOND AMENDMENT TO
THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AMENDMENT (the “Amendment”) to that certain agreement titled “Third Party Claims Administration Contract” is made and entered into on this _____ day of June 2016, by and between CITY OF HUNTINGTON PARK, a municipal corporation (“PRINCIPAL”) and Carl Warren & Company, a California corporation (“CONTRACTOR”).

RECITALS

WHEREAS, the Parties executed and entered into that certain agreement titled, First Amendment to “Third Party Claims Administration Contract,” having an effective date of August 26, 2014 (hereinafter, the “2014 Contract”) (A true and correct copy of the 2014 Contract is maintained at the offices of the City Clerk as public record); and

WHEREAS, the 2014 Contract provides for CONTRACTOR to represent PRINCIPAL and provide administration services in matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against PRINCIPAL and other specified participants; and

WHEREAS, Section 7 of the 2014 Contract terminates on June 30, 2016, unless otherwise extended by agreement of the Parties for up to three additional years;

WHEREAS, the Parties seek to amend the 2014 Contract upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Section 7 (Period of Agreement) of the 2014 Contract is hereby amended to be replaced with the following: The 2014 Contract is extended to six (6) months , commencing on June 30, 2016 and terminating on December 31, 2016, unless otherwise extended by agreement of the Parties for up to three additional years.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed on the day and year first appearing above.

CONSULTANT

Carl Warren & Company

By: _____

Name: _____

Title: _____

PRINCIPAL

City of Huntington Park

By: _____

Edgar P. Cisneros, City Manager

APPROVED AS TO FORM

By: _____

City Attorney



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

June 14, 2016

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

APPROVE AFFORDABLE HOUSING AGREEMENT WITH OLDTIMERS HOUSING DEVELOPMENT CORPORATION

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve an Affordable Housing Agreement with Oldtimers Housing Development Corporation to provide a total of \$295,400 in Federal HOME funds to complete improvements at property located at 6303 Marconi Street; and
2. Authorize the City Manager to execute the Agreement and all attachments incorporated herein as part of the agreement (i.e. Promissory Note, Deed of Trust, Regulatory Agreement).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The City's adopted Five-Year Consolidated Plan notes that the supply of decent housing is a high priority need, and that funding the acquisition of rental properties for the purpose of rehabilitation is a useful technique in a community with substantial older housing stock as Huntington Park. Currently, the primary funding mechanism available to the City for affordable housing is the Federal HOME Investment Partnerships (HOME) Program. The City receives on average approximately \$450,000 every year in HOME funds, which can only be used to fund affordable housing projects and programs. Under HOME regulations, the City is required to commit and to spend HOME funds in a timely fashion, which includes funds statutorily reserved for Community Housing Development Corporations (CHDOs), to develop, sponsor or own housing. To that end, on February 25, 2016, the City received notification from HUD regarding a commitment shortfall of \$201,901 in HOME funds. According to HOME program guidelines, HUD will reduce or recapture any funds that are not committed in eligible projects within 24 months after the last day of the month of the HOME Investment Partnership Agreement between HUD and the City. That is, the amount of

APPROVE AFFORDABLE HOUSING AGREEMENT WITH OLDTIMERS HOUSING DEVELOPMENT CORPORATION

June 14, 2016

Page 2 of 3

\$201,901 in HOME funds must be obligated by July 31, 2016. It is within this context that the City staff is recommending that the City Council approve an Affordable Housing Agreement (Agreement) with Oldtimers Housing Development Corporation, a non-profit housing developer and qualified CHDO, to provide a total amount of \$295,400 in HOME funds to complete development of an affordable residential project located at 6303 Marconi Street. This Agreement is an acceptable mechanism to commit HOME funds with a CHDO and thereby preserve HOME funds from de-obligation by HUD.

It is important to note that on October 19, 2009 the City and the CHDO had previously entered into an Affordable Housing Loan Agreement, in which a total of \$445,848 in Neighborhood Stabilization Program funds were used to acquire and partially rehabilitate the existing single-family dwelling at 6303 Marconi Street. Rehabilitation of the unit was completed in September of 2011, and now the CHDO is proposing to develop a second one-bedroom unit and complete exterior improvements on the property.

Project Scope

The proposed development includes a new two-story dwelling unit with one bedroom and 681 square feet of interior space located on the second floor, and a 794 square foot four-car tandem parking garage located on the first floor. On-site improvements will include new landscaping, concrete pavers, decorative fixtures, wood-sided double garage doors, iron guardrails and handrails, and share common open space for both dwelling units. The new unit will include "green" construction materials, such as energy star appliances and light fixtures, high performance energy rated windows, low and no VOC paint, drought tolerant landscaping and low flow toilets and other water conservation devices. If approved, the proposed project is expected to be completed within one year from start of construction. As a reference, the attached drawings show the design plans for the proposed project.

FISCAL IMPACT/FINANCING

The Agreement will provide a total of \$295,400 in Federal HOME funds to the CHDO; of which \$270,400 will be in the form of a loan, and a \$25,000 developer fee to be released as a grant and payable upon completion of the project. Funding for this project is included in the City's Budget for FY 2015-16 from HOME funds under account number 242-5098-463.73-15. The proposed terms for the HOME loan are as follows:

- 0% interest rate
- 20-year term
- Secured with a first trust deed
- Any outstanding balance in year 20 will be due and payable; and
- Loan repayment will begin in the first year after the completion of construction (set at 75% residual receipt repayments)

APPROVE AFFORDABLE HOUSING AGREEMENT WITH OLDTIMERS HOUSING DEVELOPMENT CORPORATION

June 14, 2016

Page 3 of 3

LEGAL AND PROGRAM REQUIREMENTS

Program regulations require the preparation of a financial analysis demonstrating that the HOME assistance is required for affordable housing projects. A financial analysis was completed on April 28, 2016, which concluded that an amount of up to \$295,400 is warranted for the proposed project. Additionally, in order to comply with HOME affordability requirements, both residential units must be restricted to low income persons for a period of 20 years.

CONCLUSION

Upon approval of the Affordable Housing Agreement, staff will forward a copy of the executed Agreement to HUD as evidence that HOME funds have been committed, and work with the CHDO in ensuring the project is completed.

Respectfully submitted,



EDGAR P. CISNEROS
City Manager



MANUEL ACOSTA
Economic Development Manager

ATTACHMENT

- A. Affordable Housing Agreement
- B. Design Plans

AFFORDABLE HOUSING AGREEMENT

by and between

CITY OF HUNTINGTON PARK

and

OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV

MARCONI BUNGALOWS PROJECT

(6303 and 6303 ½ Marconi Street)

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AFFORDABLE HOUSING AGREEMENT
(Marconi Bungalows Project)

This **AFFORDABLE HOUSING AGREEMENT** (“Agreement”) is entered into as of June 14, 2016 by and between the **CITY OF HUNTINGTON PARK**, a California municipal corporation (“City”), and **OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV**, a California nonprofit corporation (“Developer”).

RECITALS

A. City is a California municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development that has received funds from HUD pursuant to the federal HOME Investment Partnerships Act and HOME Investment Partnerships Program, 42 U.S.C. Section 12701, et seq., and the implementing regulations thereto set forth in 24 CFR §92.1, et seq. (“HOME Program”) for the purposes of strengthening public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention to housing for very low income and low income households in accordance with the HOME Program. The HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new Construction of housing for target income persons and families.

B. Developer and City previously entered into an Affordable Housing Agreement December 21, 2009 further amended by Amendment No. 1 to that agreement dated May 17, 2010 (Existing Agreement) whereby the Existing Agreement provided for a grant in the amount of \$445,848 in Neighborhood Stabilization Program (NSP) funds to purchase a parcel of real property located at 6303 and 6303½ Marconi Street in the City (“Property”), as more particularly described in the Legal Description attached hereto as Attachment No. 1, and incorporated herein by reference. The Property is improved with a single-family residential unit that was partially rehabilitated by the Developer under the terms of Existing Agreement.

C. Developer is a nonprofit housing development organization, which has been certified by City as a Community Housing Development Organization (CHDO) as defined under the HOME Final Rule at 24 CFR 92.2.

D. City and Developer have negotiated this Agreement whereby Developer is to construct a single-family dwelling built over a parking garage at 6303 ½ Marconi Street, complete rehabilitation of a detached unit at 6303 Marconi Street, provide on-site improvements and operate the Property within the City as affordable rental housing to be made available to and occupied by qualified and eligible low income families at an affordable rent (as those terms are defined in the HOME Program).

E. By this Agreement, and subject to the terms and conditions herein, City desires to provide financial assistance to Developer in HOME Program funds up to the amount of Two

Hundred Ninety-Five Thousand Four Hundred Dollars (\$295,400) in order to assist Developer to construct and operate the Property as a long-term housing project affordable to low income households at an Affordable Rent throughout the entire Affordability Period, as set forth in more detail in this Agreement (“Project”). The permitted income levels of the tenants of each Housing Unit and the permissible rents to be charged for occupancy of each Housing Unit are set forth in detail in this Agreement in order to ensure compliance with the requirements of the HOME Program with respect to the use of HOME Program funds to assist the Project.

F. City has determined that the Project is categorically exempt from the provisions of the California Environmental Quality Act, Public Resources Code Section 21000, et seq. (“CEQA”) pursuant to the Guidelines for Implementation of the California Environmental Quality Act set forth at Title 14 California Code of Regulations Section 15000, et seq. (“CEQA Guidelines”); specifically, the Project is exempt pursuant to Section 15326 of the CEQA Guidelines because the Project consists of City’s construction of affordable housing covenants, an interest in the Housing Units, in implementation of the City’s adopted Housing Assistance Plan.. City has further determined that the Project is Categorically Excluded pursuant to 24 CFR 58.35(a)(3)(i)(A)(B) because unit densities will not increase and the project does not involve changes in land use from residential to non-residential. The project converts to Exempt, per Section 58.34(a) (12), because it does not require any mitigation for compliance with any listed statutes or authorities, nor requires any formal permit or license.

G. Initially capitalized terms used in these Recitals are defined in these Recitals and in Section 101, below.

H. The Project is in the vital and best interest of the City and the health, safety and welfare of the residents of the City, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

100. DEFINITIONS AND GENERAL TERMS.

101. Defined Terms. As used in this Agreement (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

“**Affordability Period**” shall mean the duration of the affordable housing requirements that are required by this Agreement and set forth in the Regulatory Agreement. The Affordability Period shall be twenty (20) years from the date the Release of Construction Covenants is issued by City and recorded against the Property indicating Construction work is completed, and the Project is ready for occupancy. The Affordability Period for HOME covenants shall commence pursuant to a HOME regulation at 24 CFR 92.252(e). The minimum HOME affordability period for new Construction is twenty (20) years after project completion, which is defined at 24 CFR 92.2 to mean “all necessary title transfer requirements and Construction work have been performed; the project complies with the requirements of this part (including the property standards under 24 CFR 92.251); the final drawdown has been disbursed for the project; and the project completion information has been entered in the disbursement and information system

established by HUD. The duration of this requirement shall be known as the “Affordability Period” ,which shall include HOME funds and previously provided NSP funds.

“**Affordable Rent**” or “**Affordable Housing Cost**” shall mean the maximum amount of monthly Rent (not including any Section 8 subsidy received for the Project) to be charged by Developer and paid by the 60% AMI Low Income Households occupying the Housing Units at the Project, which shall be determined and calculated in accordance with Section 1004.1 of this Agreement.

“**Agreement**” shall mean this Home Investment (HOME) Affordable Housing Agreement.

“**AMI**” and “**Area Median Income**” shall mean the area median income for Los Angeles County, California, as published annually by HUD.

“**Annual Financial Statement**” shall mean the certified financial statement of Developer for the Project using generally accepted accounting principles, as separately accounted for this Project, including Operating Expenses and Annual Project Revenue, prepared annually and provided to City at Developer’s expense, by an independent certified public accountant reasonably acceptable to City, commencing in the year after the year in which the Release of Construction Covenants is issued.

“**Annual Project Revenue**” shall mean all gross income and all revenues of any kind from the Project in a calendar year (to the extent such income or revenue is generated after issuance of a certificate of occupancy for one or more of the Housing Units), of whatever form or nature, whether direct or indirect, with the exception of the items excluded below, received by or paid to or for the account or benefit of Developer or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to: (i) gross rentals paid by tenants of the Project under leases, and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from HUD or any other person or organization, received on behalf of tenants under their leases, (ii) amounts paid to Developer on account of Operating Expenses for further disbursement by Developer to a third party or parties, (iii) late charges and interest paid on rentals, (iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources; (v) other fees, charges or payments not denominated as rental but payable to Developer in connection with the rental of office, retail, storage, or other space in the Project; (vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of leases, and (vii) interest and other investment earnings on security deposits, reserve accounts and other Project accounts to the extent disbursed. Notwithstanding the foregoing, Annual Project Revenue (gross rents) shall not include the following items: (a) security deposits from tenants (except when applied by Developer to rent or other amounts owing by tenants); (b) capital contributions to Developer by its members, partners or shareholders; (c) condemnation or insurance proceeds; (d) funds received from any source actually and directly used for acquisition of the Property and/or initial development of the Project; or (e) receipt of management fees or other bona fide arms-length payments for reasonable and necessary Operating Expenses associated with the Project.

“**Asset Management Fee**” shall mean a fee charged by developer to manage the project. The Asset Management Fee established for this project shall be two (2) percent of the annual gross income.

“**Building Permit**” or “**Building Permits**” shall mean each and all of the building permits issued by the City and required to commence Construction and includes any permit or other approval required by any other public agency with jurisdiction over the Property.

“**Business Day**” shall mean any day that Huntington Park City Hall is open for business. As of the date of this Agreement, City Hall is closed Friday through Sunday, and on all State and Federal holidays.

“**Capital Replacement Reserve**” shall mean a separate reserve fund account to be established and maintained by Developer equal to not less than Six Hundred Dollars (\$600) per year for each Housing Unit in the Project (i.e., two (2) units in the Project times \$600 equals Twelve Hundred Dollars (\$1,200) per year for the Project), to be used as the primary resource to fund capital improvements, and replacement improvements. The amount of \$600 for each Housing Unit that is set aside by Developer (or its property manager) shall be allocated from the gross rents received from the Property and deposited into a separate interest-bearing trust account for capital repairs and replacements to the improvements, fixtures and equipment at the Property that are normally capitalized under generally accepted accounting principles, including, without limitation, the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, and faucets; air conditioning and heating replacement; asphalt repair, replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Property and all common areas and common improvements in the manner prescribed herein. Pursuant to the procedure for submittal of each annual Operating Budget to City Manager by Developer, City Manager will evaluate the cumulative amount on deposit in the Capital Replacement Reserve account and exercise his sole, reasonable discretion to determine if existing balance(s) in, proposed deposits to, shortfalls, if any, and/or a cumulative unexpended/unencumbered account balance in such Capital Replacement Reserve account are adequate to provide for necessary capital repairs and improvement to the Property (provided that required annual deposits thereto are not required to exceed \$600 per Housing Unit.)

“**Certification of Continuing Program Compliance**” shall mean the form of annual certification of the affordable housing requirements for operation of the Project, substantially in the form of Attachment No. 9 attached hereto and fully incorporated by this reference.

“**City**” shall mean the City of Huntington Park, a California municipal corporation.

“**City Council**” shall mean the City Council of the City of Huntington Park.

“**City HOME HOME Loan**” shall mean the financial assistance provided by City with respect to the Project and Property, as more particularly provided in Section 201.

“**City Manager**” shall mean the City Manager of the City of Huntington Park and his authorized designee(s). Whenever the consent, approval or other action of the “City Manager” is required herein such consent may be provided by the City Manager or his authorized designee(s), or the City Manager may submit to the City Council for action to approve or disapprove such request.

“**City Monitoring Fee**” shall have the meaning ascribed in Section 1014.1.

“**Closing**” means the close of Escrow and recordation of the Deed of Trust and Regulatory Agreement in the Official Records of Los Angeles County, California.

“**Community Housing Development Organization (CHDO)**” means a private, nonprofit organization that meets these minimum requirements: The entity must be organized under State or local laws; no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; there should have a clearly defined geographic service area; the nonprofit is neither controlled by nor under the direction of, individuals or entities seeking to derive profit or gain from the organization; there is a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986; the entity does not include a public body; has standards of financial accountability that conform to 24 CFR 84.21, “Standards for Financial Management Systems;” has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws; maintains accountability to low-income community residents by maintaining at least one-third of its governing board’s membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations and provides a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing The CHDO must have a demonstrated capacity for carrying out activities assisted with HOME funds; and has a history of serving the community within which housing to be assisted with HOME funds is to be located.

“**Conditions Precedent**” shall mean the conditions precedent to the disbursement of any portion of the City HOME Loan for commencement of Construction, as set forth in Section 401 of this Agreement.

“**Construction**” shall mean for purposes of this Agreement new Construction as defined under 24 CFR 92.251(a).

“**Construction Contract**” shall mean the contract entered into by and between Contractor and Developer for Construction and itemized with all Costs of Construction as approved by City Manager pursuant to this Agreement.

“**Contractor**” shall mean the general contractor for the Project, duly licensed in the State of California and bonded (or with performance secured by a letter of credit as permitted by this Agreement) and insured as required herein, performing the Construction work for the Construction or any other Improvements that comprise the Project.

“Costs of Construction” shall mean all reasonable costs and expenses to complete the approved Scope of Development described in this Agreement that are actually incurred by Developer for the Construction of Property pursuant to this Agreement and as are set forth in a fully itemized budget in an approved Construction Contract (or pursuant to change orders approved in accordance with the approved Construction Contract) and in accordance with property standards for Construction inclusive of the City’s Construction standards, which include requirements of applicable state and local codes for such work. The Costs of Construction shall include, without limitation, the following: environmental assessment, testing, and remediation, if any, of the land/soils and existing improvements (such as asbestos, lead-based paint and mold); Construction cost; Construction and design fees; architectural and engineering costs and fees (if any); security services; off-site Improvements (if any); Building Permits; utilities fees; insurance; legal and accounting fees; title and title insurance; Escrow fees and closing costs; performance, labor and materials bonds; fees for letter(s) of credit; reviewing architectural plans, work specifications and cost estimates to determine that they meet the City's standards; costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorney’s fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees; Staff and overhead costs directly related to carrying out a project; project underwriting including assessing the project's feasibility and Developer's qualifications; Construction inspections and oversight; project document preparation; costs associated with a project-specific environmental review; and relocation services, such as informing tenants about relocation rights or benefits; and such other costs, fees and expenses, as agreed to in writing by City Manager; provided, however, that payment to parties related to Developer for Costs of Construction shall not exceed reasonable and customary market rates, as reasonably determined by City Manager.

“County” shall mean the County of Los Angeles, California.

“Date of Agreement” shall mean the date set forth in the introductory paragraph of this Agreement.

“Default” or **“Event of Default”** means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 1300, et seq. hereof.

“Developer” shall mean, Oldtimers Housing Development Corporation-IV, a California nonprofit corporation, which must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME funds, selecting contractors, overseeing the progress of work, and determining reasonableness of costs. The Developer must own the Project during the development process and throughout the period of affordability

“Developer Fee” shall mean a fee in an amount of Twenty-Five Thousand Dollars (\$25,000), which fee is compensation to perform, or to engage and supervise others to perform, services in connection with the negotiating, coordinating, and supervising the planning, architectural, engineering and Construction activities necessary to complete the Project, including all other on-site and off-site improvements required to be constructed in connection therewith, in accordance with the Scope of Development and the Construction Plans, as set forth in the Final Budget.

“**Disbursement Procedures**” shall mean the method, procedure, conditions and requirements for disbursement of any, all and each disbursement of the City HOME Loan proceeds that are set forth in the Disbursement Procedures attached hereto as Attachment No. 9 and incorporated herein by this reference.

“**Environmental Claim**” is defined in Section 308(d).

“**Environmental Laws**” is defined in Section 308(c).

“**Federal Program Limitations**” shall mean compliance with the HOME Program, and HOME Regulations, defined hereunder, as applicable to the Project, and also includes any and all other applicable federal regulations including fair housing and non-discrimination applicable to the Project. Developer covenants, acknowledges, and agrees it is subject to all Federal Program Limitations, including (with respect to the HOME Units) the HOME Program, HOME Regulations, NSP Regulations and the Existing Agreement (whichever are most restrictive and to the extent applicable to the Project), in connection with its performance under this Agreement, and agrees it shall endeavor to cause the use and operation of the Property to conform to the Federal Program Limitations.

“**Final Budget**” means the final budget for the Construction of the Project, including all hard and soft costs therefor, as approved by City pursuant to Sections 206.2(a).

“**Final Disbursement**” is defined in Section 403.5.

“**Force Majeure**” means one or more of the events described in Section 1305.

“**Governmental Requirements**” means all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, the City, or any other political subdivision in which the Property are located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over Developer or the Project.

“**Gross Mismanagement**” shall have the meaning described in Section 1009.2(a)(i).

“**Hazardous Material**” or “**Hazardous Materials**” is defined in Section 308(a).

“**Hazardous Materials Contamination**” is defined in Section 308(b).

“**High HOME Units**” shall mean the units subject to the maximum HOME rents defined under 24 CFR 92.252(a) as the lesser of:

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
2. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with

adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

“**HOME Program**” shall mean Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, specifically the HOME Investment Partnership Act, 42 U.S.C. §12701, et seq. and the implementing HOME Regulations at 24 CFR §92.1, et seq., as such law now exists and as it may hereafter be amended, to the extent applicable to the Project.

“**HOME Regulations**” shall mean the implementing regulations of the HOME Program set forth at 24 CFR §92.1, et seq. as such regulations now exist and as they may hereafter be amended, to the extent applicable to the Project. Developer covenants hereunder to comply with all applicable HOME Regulations in the performance of this Agreement, whichever are more restrictive. In implementation of these requirements, this Agreement, the Project, and all eligible contributions and expenditures hereunder shall conform to the following:

a. The housing developed hereunder does and shall qualify as affordable housing under 24 CFR §92.252 because each Housing Unit shall be rented at an Affordable Rent; and

b. This Agreement serves as the written agreement that imposes and enumerates (by meeting or exceeding) all of the requirements set forth at 24 CFR §92.504(C)(3), including the affordability requirements from 24 CFR §92.252; the property standards requirements of 24 CFR §92.251; and income determinations made in accordance with 24 CFR §92.203.

“**HOME Units**” shall mean two (2) of the Housing Units (as more particularly described in Section 1002.3(b)), which shall at any given time be designated as HOME Units and shall be subject to all applicable HOME Regulations. HOME Units shall be “High HOME Units” and” pursuant to the HOME Regulations. The HOME Units shall be “fixed” HOME Units, such that the specific Housing Units designated as HOME Units may change as long as the requirements set forth in the immediately preceding sentence relating to the number of one-bedroom and two-bedroom Housing Units required to be designated as HOME Units are at all times complied with (subject to allowable increases in tenant income pursuant to Section 1004.3 hereof and the Regulatory Agreement). Developer shall designate two (2) of the Housing Units as HOME Units, in accordance with this paragraph, the HOME Program, and the HOME Regulations.

“**Housing Unit**” or “**Housing Units**” means the individual apartment units at the Property to be acquired, Constructed, leased, managed, and operated by Developer as long term affordable housing and in implementation of the Project (inclusive of the HOME Units).

“**HUD**” shall mean the United States Department of Housing and Urban Development.

“**Improvements**” means all improvements pertaining to the realty, fixtures, works of improvement now existing or hereafter comprising any portion of the Property and all work of, Construction, or other revitalization to the existing improvements at the Property, including, without limitation, buildings; landscaping, trees and plant materials; and offsite improvements, including, without limitation, streets, curbs, storm drains, and adjacent street lighting, which will

be caused to be undertaken by Developer in completion of the Project pursuant to this Agreement and all other Project Documents.

“**Indemnitees**” means City and its elected officials, officers, employees, attorneys, contractors, elective and appointive boards and commissions, representatives, agents, and volunteers.

“**Legal Description**” shall mean the legal description of the Property set forth in Attachment 1.

“**Low or Lower Income Households**” shall mean those households earning not greater than sixty percent (60%) of Los Angeles County Area Median Income (AMI), adjusted for household size at initial occupancy and up to 80% AMI after initial occupancy, which is set forth by HOME regulations (and as posted to the State Housing and Community Development (HCD) website.

“**Management Plan**” shall mean a detailed plan and strategy for long term operation, maintenance, repair, security, social/supportive services for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project.

“**Neighborhood Stabilization Program (NSP)**” shall mean funds allocated by the California Development of Housing and Community Development (“HCD”) under the Housing and Economic Recovery Act of 2008 (HERA), pursuant to Title III of Division B under the heading Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes of the United States, 42 55306(c), et seq., referred to henceforth as the Neighborhood Stabilization Program (“NSP”). The purpose of the Neighborhood Stabilization Program is to provide emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties that will be occupied by low-, moderate- and middle-income households whose incomes are at or below 120% of area median income.

“**Operating Budget**” shall mean the annual operating budget for the Project that sets forth the projected Operating Expenses for the upcoming year that is submitted to and reviewed and approved by City Manager in his sole and reasonable discretion. The City Manager’s discretion in review and approval of each proposed annual Operating Budget shall include, without limitation, authority to review individual categories, line items, and accounts, such as the following: extent, type, and amount for social/supportive services at or associated with the Project; existing balance(s) in and proposed deposits to the Capital Replacement Reserve to evaluate shortfalls and/or cumulative unexpended/unencumbered deposits (provided that required annual deposits into the Capitalized Replacement Reserve are not required to exceed \$600/per unit); the City Monitoring Fee; Asset Management Fee; reasonableness and conformity to prevailing market rates in Huntington Park and rates and fees for goods and services to be provided by Developer. The Operating Budget is further described in Section 1012.

“**Operating Expenses**” shall mean actual, reasonable and customary (for comparable high quality, fully constructed, multi-family rental housing developments in Huntington Park) costs, fees and expenses directly incurred and attributable to the operation, maintenance, and

management of the Project in a calendar year, which are in accordance with the Operating Budget (or any amendments thereto) approved by City through the City Manager pursuant to Section 1012 of this Agreement, and not a part or paid as a part of the Construction of the Property, including, without limitation, painting, cleaning, repairs, alterations, landscaping; utilities, refuse removal, certificates, permits and licenses, sewer charges, taxes, filing fees, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the Capital Replacement Reserve, Asset Management fee, City Monitoring fee and common area expenses, fees and expenses of accountants, attorneys and other professionals, and other actual, reasonable and customary operating costs which are directly incurred and paid by Developer, but which are not paid from reserve accounts, and provided however that any fees incurred or services provided by Developer shall not exceed fair market fees or rates for goods services that are customary and prevailing in Huntington Park for such fees, goods, or services. To the extent Developer's only asset is the Project, Operating Expenses shall include actual, reasonable and customary costs, fees and expenses paid to unaffiliated third parties for the operation of Developer, including administrative, accounting and legal fees and expenses. Operating Expenses may include costs, fees or expenses paid to unaffiliated third parties that were not set forth in the approved Operating Budget to the extent such costs, fees or expenses were not foreseen at the time the applicable Operating Budget was created, but nonetheless were actual, reasonable and customary for comparable developments; provided, evidence of such expenses must be submitted to City Manager for verification purposes prior to payment thereof (except in emergency situations, in which case evidence of such expenses must be submitted to City Manager for verification purposes as soon as reasonably practicable).

The term "Operating Expenses" shall not include any of the following: (i) salaries of employees of Developer or Developer's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Developer, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in Huntington Park for the same work or services; (ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Developer, would be Operating Expenses; (iii) optional or elective payments with respect to any financing senior to the City HOME Loan unless approved by City; (iv) any payments with respect to any Project-related Grant or financing other than Debt Service; (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Developer prior to completion of the Construction of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Developer in connection with the acquisition of the Property, all pre development and pre Construction activities conducted by Developer in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the Construction of the Project and any on-site or off-site work performed in connection therewith; and (vi) other expenses not related to the operation, maintenance, or management of the Project.

"Outside Completion Date" shall mean the date in the Schedule of Performance by which time a final inspection occurred that substantiated all work is completed and the contractor requested a Release of Construction Covenants.

"Parties" shall mean City and Developer.

“Predevelopment Costs” shall mean related soft costs that are reasonable and necessary costs incurred by the City or Developer and associated with Construction of housing assisted with HOME funds as permitted under 24 CFR 92.206(d). These costs include, but are not limited to building permits, attorney’s fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees; Staff and overhead costs directly related to carrying out a project; project underwriting including assessing the project's feasibility and developer's qualifications; Construction inspections and oversight; project document preparation; costs associated with a project-specific environmental review; and relocation services; and such other costs, fees and expenses, as agreed to in writing by City Manager. Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups will be paid if incurred not more than 24 months before the date of this Agreement.

“Project” shall mean the Marconi Bungalows Project (6303 and 6303 1/2 Marconi) and is a low-income rental facility comprised of one (1) two-bedroom unit and the Construction authorized under this Agreement of and one (1) one-bedroom unit. All of the units are income-restricted to 60% of the annual Area Median Income (AMI), in accordance with this Agreement and the Regulatory Agreement.

“Project Completion” under 24 CFR 92.2 means that all necessary title transfer requirements and Construction work have been performed; Construction is completed and the units are ready for occupancy; projects must have all necessary title transfer requirements; projects must comply with all HOME requirements, including property standards at §92.251; the Final Disbursement must be disbursed; and project completion data must be entered into the federal Integrated Disbursement Information System (IDIS), except for rental projects as amended.

“Project Documents” shall mean the following documents evidencing the City HOME Loan and required as consideration for City to make the City HOME Loan: (i) this Agreement, (ii) the City HOME Loan Note, (iii) City HOME Loan Deed of Trust, (iv) the Regulatory Agreement; and (v) any other agreement, document, or instrument that City may reasonably require Developer to execute in connection with the execution of this Agreement or the provision of the City and HOME Loan to Developer or otherwise, from time to time, to effectuate the purposes of and to implement this Agreement.

“Property” shall mean that certain parcel of real property located at 6303 and 6303 ½ Marconi Street in the City of Huntington Park (the "Property ") which is the subject of this Agreement. The Property is described in greater detail in Exhibit "A" which is attached hereto and incorporated herein by this reference.

“Regulatory Agreement” shall mean the Regulatory Agreement that is to be recorded as an encumbrance to the Project, in accordance with this Agreement. The Regulatory Agreement includes conditions, covenants, and restrictions relating to the long term use, operation, management, and occupancy of the Property, touches and concerns the land that comprises the Property, and is intended to run with the land for the entire term of the Affordability Period provided therein. The Regulatory Agreement is attached hereto as Attachment No. 8 and fully incorporated by this Reference.

“Rehabilitation” shall mean for purposes of this Agreement Rehabilitation as defined under 24 CFR 92.251(b).

“Release of Construction Covenants” shall mean Attachment No. 6 attached hereto and fully incorporated herein by this reference.

“Remediation” is defined in Section 303.

“Rent” shall mean the total of monthly payments by the tenants of a Housing Unit for (a) use and occupancy for the Housing Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities as defined in 24 CFR §92.252(d) as a HUD Utility Schedule Model or utility allowance for the project based on the type of utilities used at the project, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, or cable TV or internet services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

“Reserve Deposits” shall mean any payments to the Capital Replacement Reserve as required hereunder.

“Residual Receipts” shall mean Annual Project Revenue less the sum of:

- (i) Operating Expenses;
- (ii) Debt Service;
- (iii) Reserve Deposits to the Capital Replacement Reserve;
- (iv) Property Management fee;
- (v) Asset Management fee for the Project which remains unpaid after payment of Operating Expenses, if any;
- (vi) repayment of outstanding development and operating loan and/or contributions for capital expenses for which no Project revenues are available, if any, made by the guarantors to the Project, including interest at the Applicable Federal Rate (as approved by City after review and verification by City Manager of documentation provided by Developer showing the propriety of such loan); and
- (vii) payment of the City Monitoring Fee, including payment of any accrued amounts of the City Monitoring Fee not paid due to insufficient Annual Project Revenue.

In the event any calculation of Annual Project Revenue less subsections (i) through (vii) inclusive above results in a negative number, then Residual Receipts shall be zero (\$0) for that year.

In addition, none of the fees, costs, expenses, or items described above in calculation of Residual Receipts shall include any duplicate entry/item, or double accounting for a cost item.

“**Schedule of Performance**” means that certain Schedule of Performance attached hereto as Attachment No. 2 and incorporated herein by this reference, which generally sets forth the time for performing the various obligations of this Agreement.

It is understood the Schedule of Performance is subject to all of the terms and conditions set forth in the Agreement. The summary of the items of performance set forth in the Schedule of Performance is not intended to supersede or modify the more complete description in the text of the Agreement; in the event of any inconsistency between the Schedule of Performance and the text of the Agreement, the text shall govern.

The time periods set forth in the Schedule of Performance for City approval of submittals, including without limitation any plans and drawings, submitted to City by Developer shall only apply and commence upon Developer’s complete submittal of all the required information. In no event shall an incomplete submittal by Developer trigger any of the City’s obligations of review and/or approval hereunder; provided, however, that the City Manager shall notify Developer of an incomplete submittal as soon as is practicable.

“**Scope of Development**” shall mean the scope of work for the Construction of the Property, as set forth in the Scope of Development and in compliance with the property standards for Construction, Attachment No. 5, attached hereto and fully incorporated by this reference, and such Scope of Development shall be automatically amended and updated to include the final Construction Plans approved by City, as herein further described.

“**Section 3**” shall mean Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701u, and the implementing regulations.

“**Section 3 Clause**” shall mean the language set forth in Section 1104.2(i) – (vii) and required to be inserted by Developer into every contract related to Construction of the Project.

“**Tenant Selection Covenants**” shall mean all covenants and obligations of this Agreement regarding the occupancy and use of the Property.

“**Tenant Participation Plan**” shall refer to a requirement under 24 CFR 92.303 of the HOME Final Rule that the Developer as a CHDO must adhere to a fair lease and grievance procedure approved by the City and provide a plan for and follow a program of tenant participation in management decisions.

“**Total Project Cost**” shall mean the amount identified as Total Project Cost on the Project Budget and Construction Cost Breakdown.

“**Transaction Documents**” shall mean all Project Documents and any and all financing documents in connection with the financing sources for the Project.

200. FINANCING OF CONSTRUCTION AND OPERATIONS.

201. Construction Financing.

201.1 City HOME Loan. The City hereby agrees to provide Developer a HOME Loan and Developer hereby agrees to accept from City an amount not to exceed Two Hundred Seventy Thousand and Four Hundred Dollars (\$270,400) (“City HOME Loan”), subject to the terms and conditions set forth in this Agreement, and subject further to the terms and conditions set forth within the documents and instruments executed by the Developer in connection with this transaction, including the City HOME Loan Promissory Note ,the City HOME Loan Deed of Trust, and the Regulatory Agreement, attached hereto as Exhibit F and incorporated herein by reference.

201.2 Interest and Repayment. The City HOME Loan shall each accrue at zero percent(0%) interest. The City HOME Loanshall be evidenced by the City Promissory Note, and secured by the City Deed of Trust, which shall be recorded against the Property. The City HOME Loan shall be repaid in annual installments from Seventy-Five percent (75%) of the residual receipts of the Property equal to the CHDO's net profits, beginning July 1, 2017, as is more particularly described in the City Promissory Notes. Any remaining balance of the City HOME Loan shall be due in full on July 1, 2037 except that the remaining balance of the HOME Loan and repayment of the NSP Grant shall be due and payable immediately upon any of the following conditions:

a. Default. There is a default of the Developer's obligations under this Agreement, and Developer has failed to cure the default within the time periods provided in Section 501 of this Agreement.

b. Due Upon Assignment. The City HOME Loan will be immediately due and payable in the event that Developer assigns or attempts to assign all or any portion of this Agreement.

201.4 Reimbursement Payment Method. Provided that the Developer is not in default of this Agreement, the City HOME Loan will be disbursed to the Developer on a reimbursement basis, as eligible Construction expenses are incurred. Release of funds reserved for the Developer fee is contingent upon terms established under section 404. The Developer will not be entitled to advanced disbursements of the City HOME Loan proceeds not yet incurred.

201.5 Disbursement of City Funds. Subject to satisfaction by Developer or waiver by City of each and every Condition Precedent to the City HOME Loan set forth in Section 401, the proceeds of the City HOME Loan shall be disbursed only to pay for certain eligible Costs of Construction set forth in the Scope of Development and approved Final Budget (or as otherwise modified pursuant to change orders approved in accordance with the approved Construction Contract), including indirect soft costs such as environmental testing, architectural and engineering and Construction management costs upon the satisfaction of the condition precedents set forth herein and as approved by City Manager pursuant hereto. City’s obligation to commence disbursement, disburse, and continue disbursement of the City HOME Loan proceeds is subject to

the fulfillment by Developer or waiver by City of the Conditions Precedent set forth in Section 403 hereof, as well as compliance with the Disbursement Procedures, as applicable.

201.6 Developer Fee. In addition to the disbursement of the City HOME Loan, the City will pay a Developer Fee in the form of a grant to Developer subject to satisfaction of the conditions precedent outlined in Section 404. The maximum amount of the Developer Fee shall be Twenty-Five Thousand Dollars (\$25,000) shall be paid by the City upon issuance of Completion of Construction

202. Prohibited Use of Proceeds. The proceeds of the City HOME Loan shall not be used for Project reserve accounts or servicing and origination fees, or for expenditures incurred after the issuance of the Release of Construction Covenants.

203. Operations.

203.1 Asset Management Fee. Commencing with the recordation of the Release of Construction Covenants, Developer shall be entitled to an Asset Management Fee in consideration of Developers operation of the Properties as affordable housing pursuant to this Agreement until termination or expiration of this Agreement.

203.2 Payment of Residual Receipts. The Developer shall pay to the City seventy-five percent (75%) of the Residual Receipts for the Project in annual installments to be made by Developer beginning July 1 in the year following the year in which Release of Construction Covenants is issued and annually thereafter.

203.3 Annual Financial Statement. Developer shall annually, on or before July 1, commencing in the year after the year in which the Release of Construction Covenants is issued, submit to City, at Developer's sole expense, the Annual Financial Statement for that year (including a Residual Receipts Report which shall be a part of the Annual Financial Statement) which shall provide the basis for Developer's payment of Residual Receipts to City. Residual Receipts payments shall be paid not later than July 1, annually thereafter. Residual Receipts shall be calculated based upon such Residual Receipts Report, subject to Section 203.4 (refer to Attachment 12).

203.4 Calculation of Residual Receipts.

(a) Annually commencing on July 1 of the year following the year in which the Release of Construction Covenants is issued, Developer shall calculate total gross operating revenue from the Project for that year, and shall thereupon pay to City an amount equal to the specified percentage of the Residual Receipts from the Project as required by the City. If there are no Residual Receipts from the Project, then no payment is due for that year.

(b) Residual Receipts shall be determined on the basis of the Annual Financial Statement and the Residual Receipts Report submitted therewith, which shall be in a form provided by City. City shall review and approve such statement, or request revisions, within thirty (30) days after receipt, provided that if the City does not approve or request revisions to such

statement within the thirty (30) day period, then the statement shall be deemed to be approved. In the event City reasonably determines as a result of its review that Developer has underpaid City's share of Residual Receipts, and has provided Developer with written notice thereof identifying the basis for City's determination, Developer shall, not later than twenty (20) days from the notice of such underpayment, deliver to City the amount of the underpayment or evidence to establish the Developer's payment determination.

204. Disbursement of Developer Fee. Developer agrees that City would not have entered into this Agreement unless it can be assured that the Project will be completed in a timely manner and that the Rehabilitation and Construction costs will not exceed the Total Project Cost. In the event that the Rehabilitation and Construction exceeds the Total Project Cost or the Developer fails to meet the deadlines set forth in the Schedule of Performance in a timely manner as set forth therein, the Developer agrees that the City, in its sole discretion, may deduct from the Developer Fee owed to Developer, with 15 days prior written notice to the Developer as follows:

(a) If the Construction Costs exceed the amounts listed on the Project Budget and Construction Cost Breakdown, any cost overruns shall be paid from the funds on deposit for the Developer Fee. In no event, shall any increase or overrun to the Total Project Cost affect the Schedule of Performance.

(b) If the Developer fails to meet the timelines in the Schedule of Performance and such action results in the failure to return temporarily relocated tenants back to their housing units within 12 months of their relocation, the additional relocation costs shall be paid from the funds on deposit for the Developer Fee. In no event, shall the additional relocation costs, if any, affect the Schedule of Performance.

(c) The City shall provide the Developer with an accounting of any funds that are distributed from the Developer Fee utilized for the purposes set forth in this Section. The Developer hereby waives any right to contest or object to the reduction of the Developer Fee and hereby agrees to hold the City harmless and waives any rights it may have to sue or bring any administrative or legal action against the City for the reduction in the Developer Fee as set forth herein.

205. [Reserved]

206. Additional Financing.

206.1 Sources of Financing. Developer and City anticipate the exclusive use of City HOME Loan for the Construction, and operation of the Project. The final sources and amounts of funding for the Project as well as the final cost estimates with respect to the Construction and operation of the Project shall be set forth in the Final Budget which is required to be submitted to City as a Condition Precedent pursuant to Section 401.4.

206.2 Required Financing Submittals. Within the time established therefore in the Schedule of Performance, Attachment No. 2, and with respect to subsections (a), (b) and (c) below, as a Condition Precedent to the City's disbursement of the City HOME Loan pursuant to Section 401, Developer shall submit to City all of the following:

(a) Final Budget. An updated pro forma and Final Budget for the Project showing all sources, uses, costs for all Construction and other Improvements, estimated Operating Expenses, and funding sources and amounts thereof. City Manager shall have the right to approve or disapprove the Final Budget (and any specific line items therein) for the Project in his or her sole discretion.

(b) Current Financial Statement. A current financial statement of the Developer entity (and all partners and members thereof and/or other documentation satisfactory to City Manager as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference, if any, between Construction, completion costs, and operation secured by Developer; and

(c) Construction Contract. A draft of all forms of contracts to be executed between Developer and the Contractor for the Construction of the Improvements, certified by Developer to be true and correct copies thereof, and which shall include reference to this Agreement and such Contractor's specific obligation to carry out the Construction and completion of the Construction (or part thereof) in conformity with the HOME Regulations and other applicable federal, state, and local laws and regulations. Such Construction Contract(s) shall include: a full recitation of the Section 3 Clause with an express acknowledgement and agreement by the Contractor to fully comply with the Section 3 Clause and direct subcontractors to do the same.

(i) an express acknowledgement and agreement by the Contractor that as a condition precedent to the final payment under its contract, Contractor shall provide written evidence and a certification (in the form attached hereto as Attachment No. 10) to City, showing that it and all applicable subcontractor(s) have complied with the Section 3 Clause in completing the Construction, and

(ii) express reference to all other applicable federal regulations and laws to which such Contractor must comply in undertaking the work of the Construction for Developer; provided, it is understood by the parties that it is and shall remain Developer's primary obligation to obtain and submit all required Section 3 Clause documentation. In furtherance of evidencing Section 3 Clause compliance during the Construction and prior to final disbursement of the proceeds of the City HOME Loan not disbursed, Developer expressly acknowledges and agrees under this Agreement that it shall cause each Contractor to provide evidence, in a form reasonably satisfactory to City Manager and/or HUD, that the Section 3 Clause checklist(s) and other forms related thereto (as such forms may be provided by City to Developer) have been fully completed and all back up information has been submitted to Manager and shall be approved or disapproved within the applicable time periods set forth in the Schedule of Performance.

206.3 Approval of Evidence of Financing. If Developer has submitted all evidence of financing required by Section 206.1 within the time established in the Schedule of Performance or annually thereafter to operate the Project, City shall reasonably approve or disapprove such evidence of financing within five (5) Business Days of submission by Developer to City of all complete items required by this Section 206, et seq. If City disapproves any such evidence of financing, City shall do so by written notice to Developer stating the reasons for such disapproval and Developer shall promptly obtain and submit to City new evidence of financing.

If Developer's submission of new evidence of financing is timely and provides City with adequate time to review such evidence within the time established in this Section 206.3, City shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 206.3 for the approval or disapproval of the evidence of financing as initially submitted to City. The evidence of financing shall be deemed to be an ongoing representation by Developer that, based on information then available to Developer, the sum total of all sources of financing are equal to and not greater than the amount of the approved Project costs as set forth in the Final Budget for the Project. Once the evidence of financing is approved by City, Developer shall promptly notify City in writing of any change in or additional sources of financing. The representations made by Developer with respect to the sources of financing for the Project are the basis used by City to negotiate the financial terms of the City HOME Loan and any substantial change in such sources of Project financing shall, at the sole discretion of City.

300. CONDITION OF PROPERTY.

301. Developer Representations to City re Existing Condition of Property. Except as disclosed in the following environmental reports: Phase I Environmental Site Assessment dated May 11, 2012 prepared by Barr & Clark, Inc., Developer represents, to and for the benefit of City, to the best of its knowledge, that it is not aware of and it has not received any notice or communication from any governmental agency having jurisdiction over the Property, the owner of the Property, or any other person or entity, notifying it of the presence of Hazardous Materials or Hazardous Materials Contamination in, on, or under the Property, or any portion thereof or the violation of any Environmental Laws. Developer represents that any inspection reports with respect to the Property, environmental audits, reports and studies which concern the Property, or inspection reports from applicable regulatory authorities with respect to the Property, which Developer has received, have been delivered to the City. Developer knows of no circumstances, conditions or events that may, now or with the passage of time, give rise to any Environmental Claim against or affecting the Property. As and when obtained or received by Developer from the current owner or from any other person or entity, true and correct copies of internal inspection reports with respect to the Property, environmental audits, reports and studies which concern the Property, and inspection reports from applicable regulatory authorities with respect to the Property, if any, shall be promptly delivered to City.

Developer acknowledges that Developer has independently conducted all necessary and appropriate due diligence and determined that the condition of the Property and all improvements located thereon were suitable for the development and operation of the Project; and all such due diligence and Developer's investigations of the condition of the Property were conducted independently and not in consultation with City or City's officers, employees, agents, or consultants. City approval of the environmental condition of the Property is a Condition Precedent, as set forth in Section 401.11.

302. Environmental Condition Prior to City HOME Loan Disbursement. As set forth herein as a Condition Precedent, Developer shall evidence to City that it is prepared to take the steps necessary to undertake and complete, upon the conveyance of the Property to Developer, any necessary and recommended remediation of Hazardous Materials (which remediation has not been completed by the existing owner prior to the conveyance of the Property) in full conformity with all Environmental Laws.

302.1 Lead-Based Paint. City, as recipient(s) of federal funds, has modified and conformed all of its federally funded housing programs to the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, et seq., specifically §§4821-4846, and the implementing regulations at part 35, subparts A.

(a) The implementing regulations to Title X, set forth in 24 CFR Part 35 ("LBP Regulations"), were adopted by HUD on September 15, 1999 and are now effective for compliance by all recipients and sub-recipients of federal funds.

(b) The Construction of Property comprising the Project shall be undertaken and completed by qualified contractor(s) selected by Developer and, if applicable, meeting the requirements of the LBP Regulations. All work relating to LBP and LBP hazards and the reduction and clearance thereof shall be undertaken using safe work practices and shall be conducted by qualified contractor(s) and inspectors(s) meeting the requirements of the LBP Regulations. Under the LBP Regulations, treatment and clearance shall be conducted by separate contractors. All treatment and clearance using safe work practices of LBP and LBP hazards at the Property shall be completed first and prior to any other part of the Construction work.

303 Developer's Obligation to Investigate and Remediate the Property after City HOME Loan Disbursement. After the disbursement of all or any portion of the City HOME Loan to or on behalf of Developer, and notwithstanding the obligation of Developer to indemnify City pursuant to Section 304 herein or any other obligations of Developer pursuant to this Agreement, Developer shall, at its sole cost and expense, promptly take all actions required by any federal, state or local governmental agency or political subdivision or any Environmental Laws with respect to the Property, which actions, requirements or necessity arise from the presence upon, about or beneath the Property of any Hazardous Materials or Hazardous Materials Contamination in violation of Environmental Laws regardless of when such Hazardous Materials or Hazardous Materials Contamination were introduced to the Property and regardless of who is responsible for introducing such Hazardous Materials or Hazardous Materials Contamination to the Property, or portion thereof ("Remediation"). Remediation shall include, but not be limited to, an initial investigation of the environmental condition of the Property, the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, abatement, removal, or restoration work required. Developer shall take all actions necessary to restore promptly the Property to an environmentally sound condition for uses, ownership, and occupancy contemplated by this Agreement, notwithstanding any lesser standard of remediation allowable under applicable Environmental Laws. Developer's obligations under this Section 303 shall survive the issuance of the Release of Construction Covenants.

304 Environmental Indemnification. Developer shall save, protect, pay for, defend (with counsel acceptable to City), indemnify and hold harmless the Indemnitees from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs) (for purposes of this Section 300, et seq., the foregoing shall be collectively referred to as "Liabilities") which may now or in the future be incurred or suffered by the Indemnitees by reason of, resulting from, in connection with, or arising in any manner whatsoever as a direct or indirect result of the operation of all or any part of the Property by Developer or any

act or omission on the part of Developer, or its agents, employees, representatives, agents, contractors, occupants, or invitees which results in or relates to (i) the presence on, under, or about, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials or Hazardous Materials Contamination in violation of Environmental Laws, (ii) the environmental condition of the Property, or (iii) any Liabilities incurred under any Environmental Laws relating to Hazardous Materials. Developer's obligations hereunder shall survive this Agreement and the issuance of the Release of Construction Covenants. Developer may assign its obligations hereunder to an approved or permitted successor or assignee of Developer's interest in this Agreement or the Property for those events or conditions related to the requirements in this Section that may occur subsequent to Developer's conveyance to such successor or assign, provided that Developer shall remain liable for all of its obligations hereunder to the extent related to events occurring prior to such assignment. Notwithstanding the foregoing, Developer shall not have any obligation to indemnify, defend or hold harmless the Indemnitees where the Liabilities have arisen as a result of the sole active negligence or willful misconduct of any of the Indemnitees.

305 Release of City by Developer. Developer hereby waives, releases and discharges forever City and its employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with any Hazardous Materials on the Property, or the existence of Hazardous Materials Contamination in any state on the Property, however they came to be located there.

305.1 Civil Code 1542 Release. Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code that provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

As such relates to this Section, Developer hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

Developer Initials: _____

Notwithstanding the foregoing, the releases provided under Sections 304.1 shall not be effective in the event the presence or release of Hazardous Materials on the Property occurs as a result of the sole active negligence or willful misconduct of any of the Indemnitees.

306 Duty to Prevent Hazardous Material Contamination. Upon the execution of this Agreement and during the Construction and operation of the Properties, Developer shall take such actions as necessary or prudent to prevent the release of any Hazardous Materials into the environment in, on, under, or about the Property in violation of Environmental Laws. Such precautions shall include reasonable means to prevent or discourage dumping or other releases of Hazardous Materials on the Property in violation of Environmental Laws by third parties and trespassers, including without limitation the erection of a fence surrounding the Property, if

warranted. In the event any Remediation is required on the Property prior to the disbursement of any portion of the City HOME Loan, such Remediation shall be conducted in accordance with this Section.

During the Construction of the Property, Developer shall take all necessary precautions to prevent the release of any Hazardous Materials (with particular regard to any asbestos, or asbestos-containing materials, or lead-based paint or other lead containing products which are regulated by the HOME Program) into the environment or onto or under the Property in violation of Environmental Laws. Such precautions shall include compliance with all Environmental Laws with respect to Hazardous Materials. In addition, Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with applicable Environmental Laws and then-prevailing industry standards as respects the disclosure, storage, use, abatement, removal and disposal of Hazardous Materials.

307 Environmental Inquiries. Developer shall notify City, and provide to City a copy or copies, of the following environmental permits, disclosures, applications, entitlements or inquiries relating to the Property: notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and Developer shall report to City, as soon as possible after each incident, all material information relating to or arising from such incident, including but not limited to, the following:

(a) All required reports of releases of Hazardous Materials, including notices of any release of Hazardous Materials as required by any Governmental Requirement;

(b) All notices of suspension of any permits;

(c) All notices of violation from Federal, State or local environmental authorities;

(d) All orders under the State Hazardous Waste Control Act and the State Hazardous Substance Account Act and corresponding federal statutes, concerning investigation, compliance schedules, clean up, or other remedial actions;

(e) All orders under the Porter Cologne Act, including corrective action orders, cease and desist orders, and clean up and abatement orders;

(f) Any notices of violation from OSHA or Cal OSHA concerning employees' exposure to Hazardous Materials;

(g) All complaints and other pleadings filed against Developer and/or City relating to Developer's storage, use, transportation, handling or disposal of Hazardous Materials on the Property; and

(h) Any and all other notices, citations, inquiries, orders, filings or any other reports containing information which would have a material adverse effect on the City HOME Loan, the Property or City's liability or obligations.

In the event of a release of any Hazardous Materials into the environment, Developer shall, as soon as possible after the release, furnish to City a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of City, Developer shall furnish to City a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Property including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

308 Definitions. For the purposes of this Section 300, et seq., the following terms shall have the meanings herein specified:

(a) As used in this Agreement, the term “**Hazardous Material**” or “**Hazardous Materials**” shall mean and include any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “acutely hazardous waste,” “restricted hazardous waste,” or “extremely hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos and/or asbestos containing materials; (vii) lead-based paint or any lead based or lead products; (viii) polychlorinated biphenyls, (ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), (xi) Methyl-tert Butyl Ether; (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601); (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any “Environmental Laws” (as defined in Paragraph (c) of this Section 308) either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as “hazardous” or harmful to the environment; and/or (xiv) lead based paint pursuant to and defined in the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, et seq., specifically §§4821-4846, and the implementing regulations thereto. Notwithstanding the foregoing, “Hazardous Materials” shall not include such products in quantities as are customarily used in the Construction, maintenance, rehabilitation, management, operation and residence of residential developments or associated buildings and grounds, or typically used in residential activities in a manner typical of other comparable residential developments, or substances commonly ingested by a significant population living within the Project, including without limitation alcohol, aspirin, tobacco and saccharine.

(b) The term “**Hazardous Materials Contamination**” shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities,

soil, groundwater, air or other elements on, in or of the Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Agreement) emanating from the Property.

(c) The term “**Environmental Laws**” as used in this Agreement shall mean all laws, ordinances and regulations relating to Hazardous Materials, including, without limitation: The Clean Air Act, as amended, 42 U.S.C. Section 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901, et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986), 42 U.S.C. Section 9601, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601, et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, et seq., the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Section 11001, et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801, et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f, et seq.; all comparable state and local laws, laws of other jurisdictions or orders and regulations; and all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the city, or any other political subdivision in which the Property are located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Developer, or the Property.

(d) The term “**Environmental Claim**” shall mean (1) any judicial or administrative enforcement actions, proceedings, claims, orders (including consent orders and decrees), directives, notices (including notices of inspection, notices of abatement, notices of noncompliance or violation and notices to comply), requests for information or investigation instituted or threatened by any governmental authority pursuant to any Governmental Requirement; or, (ii) any suits, arbitrations, legal proceedings, actions or claims instituted, made or threatened that relate to any damage, contribution, cost recovery, compensation, loss or injury resulting from the release or threatened release (whether sudden or non-sudden or accidental or non-accidental) of or exposure to, any Hazardous Materials, or the violation or alleged violation of any Governmental Requirement, or the general, manufacture, use, storage, transportation, treatment, or disposal of Hazardous Materials.

400. DISBURSEMENT; CONDITIONS PRECEDENT.

401. Conditions Precedent to Developer’s Commencement of the Construction. Developer shall only commence Construction and disbursements of the City HOME Loan shall only be paid upon the prior satisfaction by Developer or waiver by the City Manager of the following Conditions precedent, each of which, if it requires action by Developer, shall also be a covenant of Developer:

401.1 Recordation. The City Deed of Trust and the Regulatory Agreement shall be recorded against the Property in the official records of the Los Angeles County Recorder’s Office on the Closing Date concurrently with or prior to the time of the first disbursement of the City HOME Loan. The City Deeds of Trust shall be subordinate to the Regulatory Agreement.

401.2 Management Plan; Property Manager. Developer shall have submitted to City, and City shall have approved, the Management Plan for the Project, which shall include a Tenant Selection Plan, which incorporates tenant selection criteria applicable to tenants of HOME-assisted rental housing in 24 CFR 92.252(k) and 24 CFR 92.253(d). Developer shall identify the property manager and provide relevant background information and evidence of its experience as a professional property manager for high quality affordable residential projects in Los Angeles County comparable to the Project, as required by Section 1009.1.

401.3 Lease/Rental Agreement. Developer shall have submitted to City, and City shall have approved the standard form lease/rental agreement in conformance with the Regulatory Agreement (Attachment No. 8) for rental of the Housing Units to eligible tenants in accordance with the terms of this Agreement. Developer shall include certain terms in the standard form lease/rental agreement which clearly describe the requirements of qualification and rental to 60% AMI Low Income Households, including without limitation: (i) the obligation to provide complete and timely income verifications, as and when reasonably requested by Developer, (ii) a description of the Affordable Rent for 60% AMI Low Income Households, as applicable, (iii) the rules and regulations for use, occupancy, and quiet enjoyment protections relating to notices, eviction, and such other matters as required by the HOME Program, and (vi) such other terms as Developer deems reasonably necessary.

401.4 Final Budget. An updated pro forma and Final Budget for the Project showing all sources, uses, costs for all Construction and other Improvements, estimated Operating Expenses, and funding sources and amounts thereof. City Manager or his designee shall have the right to approve or disapprove the Final Budget (and any specific line items therein) for the Project in his or her sole discretion.

401.5 Current Financial Statement. A current financial statement of the Developer entity (and all partners and members thereof and/or other documentation satisfactory to City Manager as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference, if any, between Construction, completion costs, and operation secured by Developer; and

401.6 Construction Contract. A draft of all forms of contracts to be executed between Developer and the Contractor for the Construction of the Improvements, certified by Developer to be true and correct copies thereof, and which shall include reference to this Agreement and such Contractor's specific obligation to carry out the Construction and completion of the Construction (or part thereof) in conformity with the HOME Regulations and other applicable federal, state, and local laws and regulations. Such Construction Contract(s) shall include: a full recitation of the Section 3 Clause with an express acknowledgement and agreement by the Contractor to fully comply with the Section 3 Clause and direct subcontractors to do the same.

401.7 Building Permits. Developer shall have obtained all Building Permits and other permits required to commence the Construction, and shall have provided true, correct and complete copies of all such permits to City.

401.8 Pre-Construction Meeting of Contractor, City Representative(s) and Developer. Developer shall have attended pre-Construction meeting(s) or conference(s) as arranged by City among Contractor, Developer, and City staff (and City's Construction management consultant, if applicable) relating to the commencement of the Construction, compliance with the Section 3 Clause (as required), and other issues related to undertaking and completing the Improvements in conformity with this Agreement and all applicable local, state, and federal laws.

401.9 Sufficient Funding. Developer shall have certified in writing to City that the City HOME Loan is sufficient to pay for the Construction and operation of the Property.

401.10 Approval of Construction Plan. The City shall have approved the Construction Plans for the Project prepared and submitted by Developer as being in substantial conformity with the Scope of Development, Attachment No. 5, this Agreement, and the Huntington Park Municipal Code and property standards, all pursuant to the City's standard procedures and as set forth in more detail in Section 601. In addition, Developer shall have submitted to City detailed information regarding its methodology for the abatement of asbestos, lead based paint, and other required Hazardous Materials remediation at the Property, if any, and such methodology shall be reasonably satisfactory to City. Any revision to the Construction Plans requiring an amendment to the HOME Loan not exceeding the loan amount shall be approved by the City Manager or his designee.

401.11 Environmental Condition. The environmental condition of the Property shall be acceptable to City, as determined by City Manager and City legal counsel in their reasonable discretion.

401.12 Insurance. Prior to commencement of the Construction, City shall have received evidence, satisfactory to City Manager or a City risk management designee(s), that all of the builder's insurance policies, certificates, and endorsements required by this Agreement have been duly submitted, reviewed and approved and such builder's risk insurance policies, certificates and endorsements are and remain in full force and effect. City shall have received confirmation, satisfactory to City Manager or his risk management designee(s), that all of the other insurance policies required herein remain in full force and effect.

401.13 Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct in all material respects as of the commencement of the Construction as though made on and as of that date, and City Manager shall have received a certificate to that effect signed by an authorized officer of Developer.

401.14 No Default. No Event of Default by Developer shall have occurred, and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer, and City Manager shall have received a certificate to that effect signed by an officer of Developer.

401.15 Tenant Participation Plan. Developer shall have submitted to City, and City shall have approved, the Tenant Participation Plan for the Project, which shall include a fair lease and grievance policy/procedure.

402. [Reserved]

403. Additional Conditions Precedent for Disbursements for Construction. After meeting all Conditions Precedent to the commence of the Construction, the remaining City HOME Loan proceeds and City obligation to make each and every additional disbursement of the remaining City HOME Loan proceeds for the Construction are subject to Developers compliance with the Disbursement Procedures, Attachment No. 9, and Developer's fulfillment or waiver by City of each and all of the following Conditions Precedent described below:

403.1 Application for Payment. Developer shall have submitted a written request for payment to City in the form of the "Application for Disbursement" attached to the Disbursement Procedures at least seven (7) Business Days prior to the requested disbursement. The Application for Disbursement shall be completed and certified to be accurate by an authorized representative of Developer. The Application for Disbursement shall specifically identify the nature of each expense for which City HOME Loan proceeds are being requested, by reference to items in the approved Final Budget and Construction Contract, and shall identify the percentage of the Construction that has been completed as of the date of the Application for Disbursement. Each Application for Disbursement shall be accompanied by invoices in the form of AIA G702/703 from the Contractor and any other requested information and documents, and lien releases from Contractor and/or mechanic's lien title endorsements reasonably acceptable to City.

403.2 Inspection of Work. City or its agent(s) shall have inspected the Construction work for which the Application for Disbursement is being requested and shall have determined, within seven (7) Business Days of receipt of a complete Application for Disbursement that (a) such Construction work has been completed substantially in accordance with this Agreement, the Scope of Development, Attachment No. 5, and the approved Construction Plans, (b) the amount requested for each line item corresponds to the percentage of work completed for such item, (c) there are adequate funds remaining from the City HOME Loan proceeds and other approved funding sources to complete the Construction and pay all remaining unpaid Costs of Construction and other Project costs, (d) the Construction work for which payment is being requested has been completed in a good and workmanlike manner in accordance with the standards of the Construction industry, and (e) the expenses are in accordance with the approved Final Budget (or any change order approved in accordance with the approved Construction Contract) and Construction Contract.

403.3 Relocation. City shall be reasonably satisfied that the Relocation has been and will continue to be conducted in compliance with all applicable Relocation Laws, the relocation plan approved for the Project, and this Agreement, and Developer and the Project shall be in compliance with Relocation obligations pursuant to this Agreement, the relocation plan approved for the Project and the Relocation Laws.

403.4 Lien Waivers. Developer shall have received appropriate conditional (conditioned solely on payment) waivers of mechanics' and materialmen's lien rights and stop notice rights executed by all contractors and other persons rendering services or delivering materials covered by requests made in the Application for Disbursement. If requested by City, Developer will provide evidence of waivers to City.

403.5 Final Disbursement. Notwithstanding Developer's compliance with all other Conditions Precedent set forth in this Section 403, *et seq.*, City shall not distribute the Final Disbursement until (i) the expiration of thirty-five (35) days after lien-free completion of the Construction, (ii) recordation of the Notice of Completion for the Project (except to the extent City has approved lesser retention or different timing for release of retention with respect to certain trades or line items), (iii) issuance of the Release of Construction Covenants for the Project by City, (iv) satisfactory completion of all applicable Conditions Precedent in accordance with Section 403, and (v) satisfaction of the Disbursement Procedures, Attachment No. 11.

404. Conditions Precedent for Disbursement of Developer Fee. The City's obligation to make any disbursement of the Developer Fee is subject to Developer's compliance with the following Conditions Precedent described below:

404.1 Release of Construction Covenants. City issues the Release of Construction Covenants for the Project.

404.2 Reports. Developer shall have submitted all reports required by Section 203 and 204 of this Agreement.

404.3 Timely Completion of Construction. To the City's satisfaction, the Project has been completed within the deadlines set forth in the Schedule of Performance, except as allowed under Section 403.5.

404.4 No Cost Overrun. To the City's satisfaction, the Project has been completed without any overrun of the Total Project Cost, except as allowed under Section 403.5.

404.5 Reduction of Developer Fee. In the event the Condition Precedents set forth in Section 403.3 and 403.4 cannot be satisfied due to cost overrun or failure to complete Project within the specified deadlines, the Developer has accepted in writing a reduction in the amount of the Developer Fee to which Developer is entitled as provided in Section 204 of this Agreement. City and Developer agree, that upon Developers written agreement to a reduction, Section 404.3 and 404.4 shall be deemed satisfied upon the City's sole election.

500. OWNER'S GENERAL REPRESENTATIONS AND WARRANTIES.

501. Developer Representations and Warranties. As a material inducement to City to enter into this Agreement, Developer represents and warrants to City:

501.1 Formation, Qualification and Compliance.

(a) Oldtimers Housing Development Corporation-IV is a California nonprofit corporation. Developer has all required authority to conduct its business and improve, rehabilitate, and operate the Property.

(b) To the best of Developer's knowledge, Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental agency that are necessary for the transaction of its business;

(c) Developer has and will in the future duly authorize, execute and deliver this Agreement and any and all other agreements and documents required to be executed and delivered by Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement;

(d) To the best of Developer's knowledge, Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of Developer to carry out its obligations hereunder;

(e) There are no material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed in the material submitted to City which could materially adversely affect the ability of Developer to carry out its obligations hereunder;

(f) There is no action or proceeding pending or, to Developer's best knowledge, threatened, looking toward the dissolution or liquidation of Developer and there is no action or proceeding pending or, to Developer's best knowledge, threatened by or against Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (f), inclusive in this Section 501.1, shall be deemed to be an ongoing representation and warranty. Developer shall advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (f), inclusive. After the Closing and throughout the Affordability Period, Developer shall have an ongoing obligation to promptly (but in no event later than thirty (30) days) inform City in the event any of the foregoing representations and warranties (a) through (f) becomes materially untrue.

501.2 Execution and Performance of Project Documents. Developer has all required authority to execute and perform all obligations under the Project Documents. The Developer's compliance with, and the performance by Developer of its obligations under, each Project Document has been authorized and all necessary action does not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

501.3 Underwriting and Subsidy Layering. Developer acknowledges

that the Project will be partially funded from monies from the City's HOME Program funds. In this regard, Developer acknowledges, represents, and warrants to City that Developer has no other reasonable means of private financing or commercial financing to cause and complete Construction of the Property and completion and operation of the Project except as may be otherwise provided in this Agreement, and that the Developer's profit or return on investment is appropriate and reasonable, given the size, type and complexity of the project.

600. CONSTRUCTION OF THE PROPERTY

601. Construction Plans. Within the time set forth in the Schedule of Performance, Developer shall submit to City detailed specifications describing the Construction of the Property (collectively, "Construction Plans") pursuant to the Project, which are in conformity with the Scope of Development.

601.1 Submittal of Construction Plans. Developer shall submit to City the Construction Plans which may be required by City for any permits and entitlements which are required to be obtained and for evaluation of the quality, type, specifications, and materials for all of the Construction and any other Improvements to the Property. Within thirty (30) days after City's disapproval or conditional approval of such plans, which approval shall be in City's sole and absolute discretion, Developer shall revise the portions of such plans identified by City as requiring revisions and resubmit the revised Construction Plans to City. City shall have all rights to review and approve or disapprove all Construction Plans and other required submittals in accordance with the Huntington Park Municipal Code, and nothing set forth in this Agreement shall be construed as City's approval of any or all of the Construction Plans. Any and all change orders or revisions required by the City and its inspectors which are required under all applicable State and local codes, ordinances and zoning requirements and other improvements, and under other applicable laws and regulations shall be included by Developer in its Construction Plans and other required submittals and shall be completed during the Construction of the Property.

601.2 Approval of Construction Plans. Developer acknowledges and agrees that City is entitled to approve or disapprove the Construction Plans in order to satisfy City's obligation to promote the sound redevelopment of land and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and all residents of the Project. Developer shall perform all Construction at the Property in compliance with the approved Construction Plans.

602. Consultation and Coordination. During the preparation of the Construction Plans, City staff and authorized representatives of Developer shall hold joint progress meetings to coordinate the preparation and submission to City of the Construction Plans by Developer and City's review of the Construction Plans. City staff and authorized Developer representatives shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to City can receive prompt and thorough consideration. City shall designate a Community Development Department employee to serve as the project manager for this Project, and such project manager shall be responsible for the coordination of City's activities under this Agreement and for coordinating the land use approval and permitting process.

603 Revisions. If Developer desires to propose any substantial revisions to the approved Construction Plans, it shall submit such proposed changes to City, and shall also proceed in accordance with any and all state and local laws and regulations regarding such Developer shall hold harmless, indemnify and defend the Indemnitees from and against any claims or suits for damages to property or injuries to persons (including death) arising out of or in any way relating to defects, latent or patent, in the Construction Plans, or the actual Construction work or other Improvements comprising the Construction and the Project, including without limitation the violation of any laws, or arising out of or in any way relating to any defects in any work done and/or improvements completed according to the approved Construction Plans.

604. [Reserved]

605. City and Other Governmental Permits. Before commencement of any portion of the Construction of the Property, Developer shall secure or shall cause its Contractor to secure any and all permits and land use entitlements which may be required by the City or any other governmental agency with jurisdiction over such Construction of the applicable portion of the Construction, including without limitation applicable Building Permits. Developer shall pay all necessary fees for such portion of the Construction and timely submit to City such information as may be required by City to obtain the applicable Building Permits, and City staff will, without obligation to incur liability or expense therefore, use reasonable efforts to expedite City's issuance of the applicable Building Permits meeting the requirements of the Huntington Park Municipal Code, and all other applicable federal, state, and local laws, rules, and regulations.

606. Completion of Project. Developer shall commence and diligently proceed through completion the Construction of the Project. Developer shall complete the Construction of the Project not later than the Outside Completion Date and as set forth in the Schedule of Performance, unless extended by agreement of City and Developer, or by Force Majeure. Pursuant to 24 CFR 92.251, the Project at Project Completion must meet the City's Construction standards, which addresses standards for methods and materials to be used for Construction; State or local residential and building codes, as applicable or, in the absence of a State or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The Project must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and Construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619) and measures to mitigate potential disasters (e.g., earthquake, flooding) in accordance with State and local codes, ordinances.

607. Release of Construction Covenants. Upon Project Completion (as determined solely by the City Manager), and within five (5) Business Days after receipt of the written request of Developer, City shall furnish Developer with (i) a Release of Construction Covenants (substantially in the form attached hereto as Attachment No. 6) which evidences and determines the satisfactory completion of the Construction of the Property in accordance with this Agreement, or (ii) a written response indicating portions of the Construction that are not complete. If the City does not furnish Developer with a Release of Construction Covenants or a written response within

such five (5) Business Day period, the Developer may provide to City a second written request therefore which indicates in bold 18-point text “RESPONSE REQUIRED; REQUEST WILL BE DEEMED APPROVED IF THE CITY DOES NOT RESPOND WITHIN FIVE (5) BUSINESS DAYS”. If the City does not furnish Developer with a Release of Construction Covenants or a written response within five (5) Business Days after the second written request, then City shall be deemed to have determined that the Construction is complete and City shall be deemed to have issued the Release of Construction Covenants in accordance with this Agreement. The issuance and recordation of the Release of Construction Covenants with respect to the Property shall not supersede, cancel, amend or limit the continued effectiveness of any obligations relating to the maintenance, uses, occupancy, payment of monies, or any other obligations with respect to the Property, the Project, or this Agreement or any covenants recorded in connection herewith, except for the obligation to complete the Construction of the Property.

700. INSURANCE AND INDEMNIFICATION.

701. Developer Insurance Requirements. In addition to the separate and severable indemnification covenants and provisions provided by Developer to City hereinafter in this Section 700, Developer shall provide insurance according to the requirements set forth below, except to the extent alternative coverages are approved in writing by City’s Risk Manager, in his or her sole and absolute discretion. Developer shall maintain the following coverages on behalf of the Indemnitees for claims, damages to property and injuries to persons, including death (including attorneys’ fees and litigation costs), which may be caused by any of Developer’s negligent activities under this Agreement or related to the Project, regardless of whether such activities or performance thereof be by Developer or anyone directly or indirectly employed or contracted with by Developer and regardless of whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall cause all requirements of this Section to be obtained and maintained until expiration of the Affordability Period.

701.1 Commencement of Work. Developer shall not commence work under this Agreement until all certificates and endorsements have been received and approved by City. All insurance required by this Agreement shall contain the insurer to notify City of any material change, cancellation, or termination at least thirty (30) days in advance.

701.2 Workers Compensation Insurance. For the duration of this Agreement, Developer and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law. The insurer shall waive its rights of subrogation against City and its officers, agents, employees, and volunteers, and shall issue an endorsement to the policy evidencing the same.

701.3 Insurance Amounts. Developer shall maintain the following insurance until expiration of the Affordability Period:

(a) Commercial General Liability in an amount not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate for bodily injury, personal injury, property damage, and products and ongoing and completed operations. Claims made and modified

occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City. Developer may fulfill its insurance requirements under this section through a combination of insurance under its commercial general liability and excess/umbrella insurance policies.

(b) Automobile liability covering bodily injury and property damage for all activities of Developer arising out of or in connection with this Agreement, including coverage for hired, owned, and non-owned automobiles only in an amount not less than \$1,000,000 combined single limit, including mobile equipment if any. Claims made and modified occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(c) Builder's All Risk in an amount equal to the replacement value of the property. Claims made and modified occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(d) Excess Liability Policy in an amount not less than \$5,000,000. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City. Coverage shall be "pay on behalf" with defense costs payable in addition to policy limits. There shall be no cross liability exclusion of claims or suits by one insured against another.

(e) An Additional Insured Endorsement(s), commercial general liability policy, for on-going and completed operations, for the policy under Section 701.3(a), shall designate the City of Huntington Park and its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the Developer. (Form CG 20 26 11 85 or equivalent).

(f) An Additional Insured Endorsement(s), automobile liability policy, automobile liability and mobile equipment, for the policy under Section 701.3(b), shall designate the City of Huntington Park and its officers, officials, employees, agents, and volunteers as additional insureds for automobiles owned, leased, hired, or borrowed, by or on behalf of Developer and mobile equipment, if any. (Form CA 20 48 02 99 or equivalent for the automobile liability policy, and the mobile equipment coverage by separate endorsement).

(g) Additional Insured or Loss Payee Endorsement(s), builders all risk, for the policy under Section 701.3(c) naming City as loss payee and a waiver of all rights of recovery against City.

(h) A Schedule of Underlying Policies for the excess liability policy, for the policy under Section 701.3(d), including policy numbers for the excess liability policy and underlying policies.

(i) An Insurance Certificate, excess liability policy, for the policy under Section 701.3(d), stating that the excess liability policy "Umbrella policy is excess of the General Liability and Auto Liability policies."

(j) The insurer for each policy shall waive its rights of subrogation against the City of Huntington Park and its officers, officials, employees, agents, and volunteers, and shall issue an endorsement to the policy evidencing the same.

(k) All carriers shall provide an endorsement for each respective policy giving the City of Huntington Park thirty (30) days advance written notice prior to any material change, cancellation, or termination.

(l) All insurance companies providing insurance policies required by this Agreement must be acceptable to City and have a Best's Guide Rating of A-Class VII or better, as approved by City. For all insurance policies and endorsements required by this Agreement Developer shall provide to City proof of insurance and endorsement forms that conform to the requirements set forth herein.

701.4 Primary Insurance. For any claims related to this Agreement, Developer's insurance coverage shall be primary insurance for City and its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by City and its officers, officials, employees, agents, or volunteers shall be in excess of the Developer's insurance and shall not contribute with it.

701.5 General Conditions Pertaining to Provision of Insurance Coverage by Developer. Developer agrees to the following provisions regarding all insurance provided by Developer for the Project:

(a) Developer agrees to provide insurance in accordance with the requirements set forth herein. If Developer uses existing coverage to comply with these requirements and that coverage does not meet the requirements set forth herein, Developer agrees to amend, supplement or endorse the existing coverage to do so. In the event any policy of insurance required under this Agreement does not comply with these requirements or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Developer.

(b) The coverage required here will be renewed annually by Developer as long as Developer continues to provide any services under this or any other contract or agreement with City relating to the Property or the Project during the Affordability Period.

No liability insurance coverage provided to comply with this Agreement shall prohibit Developer, or Developer's employees, or agents, from waiving the right of subrogation prior to a loss. Developer waives its right of subrogation against City.

(a) The provisions of any workers' compensation or similar act will not limit the obligations of Developer under this Agreement. Developer is and shall at all times be considered an independent contractor, and expressly agrees not to use any statutory immunity defenses under such laws with respect to City and its employees, officials and agents.

(b) No liability policy shall contain any provision or definition that would serve to eliminate so-called “third party action over” claims, but a liability policy may exclude claims to an employee of the insured.

(f) All insurance coverage and limits provided by Developer and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.

(g) Any “self-insured retention” must be declared and approved by City. Self-funding, policy fronting or other mechanisms to avoid risk transfer are not acceptable. If Developer has such a program, Developer must fully disclose such program to City.

(h) Developer shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Developer to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within thirty (30) days of the expiration of the coverages.

(i) Developer agrees to provide evidence of the insurance required herein, satisfactory to City Manager and the City’s Risk Manager, consisting of: certificate(s) of insurance evidencing all of the coverages required and an additional insured endorsement to Developer’s general liability policy using Insurance Services Office endorsement form No. CG 20 26 1185 or an equivalent additional insured endorsement form(s) presented to and reviewed and approved by the City’s Risk Manager in his or her sole, reasonable discretion. Developer agrees, upon request by City Manager or City Risk Manager, to provide complete, certified copies of any policies required by this Section, within ten (10) days of such request. Any actual or alleged failure on the part of City or any other additional insured under these requirements to obtain proof of insurance required under this Agreement in no way waives any right or remedy of City or any additional insured, in this or any other regard. Future insurance requirements will remain the same as long as the loss experience remains insignificant.

(j) Certificate(s) must reflect that the insurer will provide thirty (30) days notice to City of any cancellation of coverage. An endorsement shall be provided for each policy wherein each carrier will give the City thirty (30) days written notice in the event of any cancellation or termination of the respective policy.

(k) Developer agrees to require the Contractor, subcontractors, or other parties hired for this Project to provide workers’ compensation, general liability and automobile liability insurance, unless otherwise agreed to by City with minimum liability limits of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate. The Contractor’s general liability insurance shall add as additional insureds City and its designee(s), and any and all of their boards, officials, employees and agents using Insurance Services Office

additional insured endorsement form No. CG 20 26 1185 or equivalent additional insured endorsement form(s) presented to and reviewed and approved by the City's Risk Manager in his or her sole, reasonable discretion. Developer agrees to obtain certificates evidencing such coverage and make reasonable efforts to ensure that such coverage is provided as required here.

(l) Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

(m) The insurance requirements set forth in this Section 701 are intended to be separate and distinct from any other provision in this Agreement and are intended to be interpreted as such.

(n) The requirements in this Section 701 supersede all other Sections and provisions of this Agreement to the extent that any other Section or provision conflicts with or impairs the provisions of this Section.

(o) For purposes of insurance coverage only, this Agreement will be deemed to have been executed as of the Date of Agreement.

702. Knowledge of Claim. If at any time Developer (or its Contractor) becomes aware of a claim or a potential claim related to the Project in which the demand or probable ultimate cost exceeds \$25,000, City Manager and City's Risk Manager, Developer (or its Contractor) shall promptly provide written notice ("Claim Notice") to City which sets forth the nature of the claim or potential claim and the date on which Developer became aware of such claim or potential claim and shall provide City with copies of any documents relating to such claim or potential claim. City assumes no obligation or liability by such notice, but City shall have the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

703. Notice of Change in Coverage. If, at any time, Developer (or its Contractor) becomes aware that any of the coverages provided above are going to be canceled, limited in scope or coverage, terminated or non-renewed, then Developer (or its Contractor) shall promptly provide City with written notice ("Insurance Notice") of such cancellation, limitation, termination or non-renewal. Upon the receipt of the Insurance Notice or the Claim Notice, or at any time when City has knowledge of (i) the cancellation, limitation, termination or non-renewal of one or more of Developer's (or its Contractor's) insurance policies enumerated above or (ii) a claim or potential claim under one or more of such policies in accordance with Section 702 above, then, in addition to its other rights and remedies pursuant to this Agreement, City shall have the right to suspend City's obligations under this Agreement until such time as Developer (or its Contractor) furnishes, or causes to be furnished to City, duplicate originals or appropriate certificates of insurance for coverages in the amount of not less than those specified above or until the time such claim or potential claim has been resolved to the reasonable satisfaction of City, whichever occurs first.

704. Waiver of Subrogation. Developer (and its Contractor) hereby waive all rights to recover against City (and any officer, employee, agent or representative thereof) for any loss incurred by Developer (or its Contractor) from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer (and its Contractor) shall use their best efforts to obtain only policies that permit the foregoing waiver of subrogation.

705. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to the provisions below, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin construction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project improvements to substantially the same condition as the Project improvements existed immediately prior to the casualty, if and to the extent the insurance proceeds are available and sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Project improvements can be occupied in accordance with this Agreement. Subject to Force Majeure delays as set forth in Section 1305 herein, in no event shall the repair, replacement, or restoration period exceed one (1) years from the date Developer obtains insurance proceeds unless City Manager, in his reasonable discretion, approves a longer period of time. City shall cooperate with Developer, at no expense to City, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then existing laws of any other governmental agencies with jurisdiction over the Property do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Project Improvements by giving notice to City (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the applicable portion of the Property) or Developer may reconstruct such other improvements on the Property as are consistent with applicable land use regulations and approved by the City and the other governmental agency or agencies with jurisdiction.

706. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. If the Project Improvements are completely destroyed or substantially damaged by a casualty for which Developer is not required to (and has not) insured against, or if insurance proceeds are insufficient to rebuild, then Developer shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing City with written notice of election not to repair, replace, or restore within ninety (90) days after such substantial damage or destruction. As used in this Section 706, “substantial damage” caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is ten percent (10%) or more of the replacement cost of the Project Improvements. Further, if requested by the City Manager, Developer shall raze the remaining Project Improvements, and remove all rubble and debris from the Property.

In the event that Developer elects not to repair, replace, or restore the damaged or destroyed Improvements within ninety (90) days after such substantial damage or destruction, Developer shall concurrently repay the full outstanding balance of the City HOME Loan to City

and this Agreement shall be automatically terminated. Provided, however, if within such 90 day period Developer submits to City a proposal for acquiring sufficient financing to complete the Project, and such proposal demonstrates to the reasonable satisfaction of the City Manager that all Construction can be completed and the Project put into service prior to the date that is four years from the date of this Agreement, or if the Construction was previously completed, then four years from the date of the damage or destruction, then repayment of the City HOME Loan pursuant to this Section 706 shall be stayed until after the first to occur of (a) a determination by the City Manager that completion of the Project prior to the last day of such four year period is infeasible, or (b) the last day of such four year period, if the Project is not completed and put into service by that date.

707. Non Liability of City. Developer acknowledges and agrees that:

(a) Developer is and shall remain solely that of independent contractor and by this Agreement or any Project Documents, City neither undertakes nor assumes any responsibility to review, inspect, supervise, approve (other than for aesthetics) or inform Developer of any matter in connection with the Project, including matters relating to:(i) architects, contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, or (ii) the progress of the Construction of the Project and its conformity with the Scope of Development; and Developer shall rely entirely on its own judgment with respect to such matters and acknowledges that any review, inspection, supervision, approval or information supplied to Developer by City in connection with such matters is solely for the protection of City and that neither Developer nor any third party is entitled to rely on it;

(b) Notwithstanding any other provision of any Project Document: (i) City is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Developer and City does not intend to ever assume any such status; and (ii) City shall not be deemed responsible for or a participant in any acts, omissions or decisions of Developer;

(c) By accepting or approving anything required to be performed or given to City under the Project Documents, including any certificate, financial statement, survey, appraisal or insurance policy, City shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by City to anyone.

708. Indemnification. Developer shall defend, indemnify, assume all responsibility for, and save and hold the Indemnitees harmless from any and all claims, causes of action, settlements, court damages, demands, defense costs, reasonable attorneys' fees, expert witness fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses which they may suffer or incur and any liability of any kind or nature arising from or relating to the activities of Developer under this Agreement or related to the Project (including reasonable attorney's fees and costs), regardless of whether such activities or performance thereof be by Developer or anyone directly or indirectly employed or contracted with by Developer and that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects the Indemnitees from any liability or obligation. In this regard, Developer's obligation and right to defend shall include

the right to hire (subject to reasonable written approval by City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer or any of the Indemnitees. If Developer defends any such action, as set forth above, (i) to the extent of Developer's indemnification obligations as set forth herein, Developer shall indemnify and hold harmless Indemnitees from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation and (ii) City shall be entitled to settle any such claim only with the written consent of Developer and any settlement without Developer's consent shall release Developer's obligations under this Section 708 with respect to such settled claim. Developer's indemnity obligations hereunder shall survive termination of this Agreement. City shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that City shall not be obligated to incur any expense in connection with such cooperation or assistance. Notwithstanding the foregoing, the Developer shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City.

709. Reimbursement of City for Enforcement of Project Documents. Developer shall reimburse City within thirty (30) days upon written demand itemizing all costs reasonably incurred by City (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of City) in connection with the enforcement of the Project Documents including the following: (a) City's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which City is indemnified under the Project Documents and defense of any action if City has tendered the defense of such action to Developer and Developer fails to defend any such action. Such reimbursement obligations shall survive issuance of the Release of Construction Covenants, and termination of this Agreement regardless of whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall not be obligated to indemnify the Indemnitees to the extent occasioned by the negligence or willful misconduct of any of the Indemnitees or the breach of any of the Project Documents by any of them.

800. TERM AND TERMINATION

801. Term. This Agreement shall be effective on the date of execution of by the latter of the parties hereto, and shall remain in effect until the expiration of the affordability period, unless sooner terminated.

802. Termination. City shall have the right to terminate this Agreement with cause, for Developers failure to cure a default as provided in Section 1300 of this Agreement.

900. LENDER PROTECTIONS.

901. Right of City to Satisfy Other Liens on Property. After the disbursement of any portion of the City HOME Loan and after Developer has had written notice and has failed after a reasonable time, but in any event not less than the applicable cure period as set forth in the applicable Project Document, to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Property which are not otherwise permitted under this Agreement, City shall have the right, but not the obligation, to satisfy any such liens or encumbrances. Notwithstanding the above, Developer shall have the right to assert any challenge to the validity or amounts of any tax, assessment, or encumbrance available to Developer with respect thereto.

902. Liens and Stop Notices. Developer shall not allow to be placed on the Property or any part thereof any lien or stop notice related to Developer's obligations under this Agreement. If such a claim of a lien or stop notice is given or recorded affecting the Project, Developer shall within thirty (30) days of such recording or service or within twenty (20) days of City's demand whichever first occurs:

(a) pay and discharge the same; or

(b) affect the release thereof by recording and delivering to City a surety bond in sufficient form and amount, or otherwise; or

(c) provide City with other assurance which City deems, in City's sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

1000. AFFORDABLE HOUSING COVENANTS; MAINTENANCE, PROPERTY MANAGEMENT, AND OPERATION OF PROJECT.

1001. Duration of Affordability Requirements; Affordability Period. The Project and all the Housing Units thereon shall be subject to the requirements of this Section 1000 et seq. The provisions expressly referencing compliance with the HOME Program and HOME Regulations, however, shall terminate upon the date that is twenty (20) years from the date the Release of Construction Covenants is issued by City and recorded against the Property and the Project is completed; such date is the "HOME Termination Date".

1002. Tenant Selection Covenants.

1002.1 Selection of Tenants. Developer shall be responsible for the selection of tenants for the Housing Units in compliance with the HOME Program, Federal Program Limitations (to the extent applicable), the provisions of this Agreement, and all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. For occupancy of the Housing Units that are not subject to project based Section 8 assistance, preference shall be given to (i) tenants who currently reside within the City, or who currently work in the City, or who have been displaced by activities of the City or activities of the City of Huntington Park and (ii) eligible tenants on the City's tenant waiting list who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria, to the extent authorized by applicable federal, state or local laws or regulations.

Developer shall adopt a tenant selection system for the HOME Units in conformance with Section 92.253(d) of the HOME Regulations, which shall be approved or disapproved by the City Manager within 5 Business Days of receipt thereof in his reasonable discretion, which establishes a chronological waiting list system for selection of tenants. The tenant selection system shall include, without limitation, a method for investigation of the credit history of proposed tenants through obtaining a credit report on the proposed tenant. To the extent Housing Units are available, Developer shall not refuse to lease to a holder of a certificate of family participation under 24 CFR Part 982 (Housing Choice Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program other tenant-based assistance program solely on the basis of such certificate, voucher, or comparable document, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

1002.2 Initial Lease-Up Requirement. In the event the three (3) HOME designated units are not rented to eligible tenants, and initially occupied, within 12 months after the issuance of the Release of Construction Covenants (subject to extension for Force Majeure), the Developer shall repay a portion of the City HOME Loan for each unit that was not initially occupied in an amount proportionate to the amount of HOME funds disbursed for the Project. For example, if one of the two HOME units is not leased within 12 months after the issuance of the Release of Construction Covenants, the Developer is to repay one-third of the total HOME expenditure.

1002.3 Income and Occupancy Restrictions. As included in the annual income certification provided by Developer or as otherwise reasonably requested by City, Developer shall make available for City Manager's review such information as Developer has reviewed and considered in its selection process, together with the statement by Developer that Developer has determined that each selected tenant will comply with all applicable terms and conditions of this Agreement in each tenant's occupancy of a Housing Unit, including without limitation, that each corresponding household satisfies the income eligibility requirements, Affordable Rent requirements, and other requirements of this Agreement.

(a) In this regard, Developer covenants and agrees that (i) each tenant shall and will be a 60% AMI Low Income Household, and (ii) the cost to each tenant household for the corresponding Housing Unit on the Property shall be at and within the defined Affordable Rent for the applicable 60% AMI Low Income Household, and (iii) each tenant household shall meet occupancy standards for the Housing Unit established under, and (iv) the occupancy and use of the Property shall comply with all Tenant Selection Covenants.

(b) Developer covenants that:

(i) The one (1) one (1) bedroom Housing Unit at the Project, which shall be designated as a HOME Unit, shall be occupied by 60% AMI Low Income Households at an Affordable Rent;

(ii) The one (1) two (2) bedroom Housing Unit at the Project, which shall be designated as a HOME Unit, shall be occupied by 60% AMI Low Income Households at an Affordable Rent.

1003. Income Certification Requirements.

1003.1 Initial Certification. Prior to each initial and subsequent rental of each Housing Unit to a new tenant household (but not lease renewals), Developer shall provide to the City Manager completed income tenant income certifications in the form to be provided by the City. City may request (and Developer shall provide) additional documentation to assist City's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 24 CFR 92.203. "Annual income" is defined at 24 CFR 5.609. City approval is a condition precedent to tenants entering into leases or occupying Housing Units. City shall have seven (7) Business Days to review the submittal and request additional information, if any. If the City does not furnish Developer with notice of approval or disapproval, or request additional information, within such seven (7) Business Day period, and Developer has delivered to City all additional documentation and certifications requested by City (if any), then City shall be deemed to have approved such tenant income certification(s). The "deemed approved" provision in the preceding sentence shall be effective only if Developer includes in the transmittal of the documentation and certifications to City, in bold 18-point text, the following statement: "RESPONSE REQUIRED; REQUEST WILL BE DEEMED APPROVED IF THE CITY DOES NOT RESPOND WITHIN SEVEN (7) BUSINESS DAYS".

1003.2 Verification of Income of Continuing Tenants. Following the completion of the Construction and occupancy of the Housing Units, and annually thereafter (on or before March 31 of each year), Developer shall submit to City, at Developer's expense, a written summary of the income, household size and rent payable by each of the tenants of the Housing Units. Developer shall obtain, or shall cause to be obtained by the property manager, at the times and in the forms required by City, an annual certification from each household leasing a Housing Unit demonstrating that such household is a 60% AMI Low Income Household, as applicable, and meets the eligibility requirements established for the Housing Unit. Developer shall verify, or shall cause to be verified by the property manager, at the times and with such forms as are required by City, the income certification of each tenant household. In order to comply with this Section, Developer shall submit to City any and all tenant income and occupancy certifications and supporting documentation that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. This requirement is in addition to and does not replace or supersede Developer's obligation to annually submit the Certificate of Continuing Program Compliance to City.

1004. Affordable Rent.

1004.1 Maximum Monthly Rent Paid by Tenant. The maximum monthly Rent chargeable for the Housing Units shall be annually determined by City in accordance with Section 92.252 of the HOME Regulations and the California Health and Safety Code, as applicable, pursuant to the following formulas:

(a) The Affordable Rent for the Housing Units to be rented to 60% AMI Low Income Households shall not exceed:

(i) for the HOME Units the lesser of: (A) High HOME Rents defined as the lesser of the fair market rent for comparable housing in the area as established by HUD pursuant to CFR 888.111, less the monthly allowance for utilities and services to be paid by each tenant, or (ii) thirty percent (30%) of sixty-five percent (65%) of Los Angeles County median income as determined by HUD for purposes of this Agreement as set forth in the HOME Regulations or (B) Lower Income Set-Aside Rents defined as the product of thirty percent (30%) of sixty percent (60%) of Los Angeles County median income area adjusted for family size appropriate to the units in accordance with Health and Safety Code Section 50053(b)(3) less the monthly allowance for utilities and services to be paid by each tenant as determined by HUD for purposes of this Agreement as set forth in 25 California Code of Regulations Section 6918.

For purposes of this Agreement and the Regulatory Agreement, “Affordable Rent” means the total of monthly payments for (a) use and occupancy of each Housing Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, or cable TV or internet services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

1004.2 Rent Schedule and Utility Allowance. City will review and approve or disapprove the Affordable Rents proposed by Developer for all of the Housing Units together with the monthly allowances proposed by Developer for utilities and services to be paid by the tenant, within 5 Business Days of receipt thereof. Developer must annually reexamine the income of each tenant household living in the Housing Units annually in accordance with Sections 1003 and 1014 herein. The maximum monthly rent must be recalculated by Developer and reviewed and approved by City annually within 5 Business Days of receipt thereof, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Developer must provide all tenants not less than thirty (30) days prior written notice before implementing any increase in Rents. If the City does not furnish Developer with notice of approval or disapproval within such five (5) Business Day period, the Developer may provide to City a second written request therefore which indicates in bold 18-point text "RESPONSE REQUIRED; REQUEST WILL BE DEEMED APPROVED IF THE CITY DOES NOT RESPOND WITHIN FIVE (5) BUSINESS DAYS". If the City does not furnish Developer with a written response within five (5) Business Days after City's receipt of the second written request, then City shall be deemed to have approved such Affordable Rents.

1004.3 Increases in Tenant Income. A tenant who qualifies as a 60% AMI Low Income Household prior to occupancy of a housing Unit in compliance with the Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 60% AMI Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Developer's obligation to provide a Housing Unit for households in such income category. The Housing Units shall be "fixed units" as defined in Section 92.252 (j)the HOME Regulations, such that the location of the Housing Units designated for each income category as well as the Housing Units designated as HOME Units may not change within the Project shall continuously comply with the unit mix set forth in Section 1002.3(b). Developer is to provide the address of each HOME unit to the City by the time of project completion. A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually.

1004.4 Most Restrictive Affordable Rent Covenants Govern. To the extent of an inconsistency between or among the foregoing covenants relating to Affordable Rent and other covenants or agreements applicable to the Project, the most restrictive covenants or agreement regarding the Affordable Rent for the Housing Units in the Project shall prevail.

1004.5 Affordable Rent Calculation Chart. In illustration of the foregoing description of Affordable Rent, attached hereto as Attachment No. 7 and incorporated by this reference is an "AFFORDABLE RENT CALCULATION CHART (Marconi Bungalows Project)." The chart is illustrative only and in the event of any inconsistency between such chart and the specific provisions of this Agreement, the provisions of this Agreement shall prevail.

1005. Leases; Rental Agreements for Housing Units. As set forth in the Conditions Precedent, Developer shall submit a standard lease form, which shall comply with HOME Regulations (including 24 CFR 92.253 and as required for all HOME-assisted rental units under 24 CFR 92.209(g)), and all requirements of this Agreement, to City for approval. City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations, within 5 Business Days of receipt thereof. Developer shall enter into a written lease, in the form approved by City, with each tenant/tenant household of the Project. No lease shall contain any of the provisions that are prohibited and shall be for a period of not less than one year, unless by mutual agreement between the tenant and the Developer a shorter period is specified pursuant to Section 92.253 of the HOME Regulations.

1006. [Reserved.]

1007. [Reserved.]

1008. Maintenance. Developer shall maintain or cause to be maintained the interior and exterior of the Project and all Housing Units thereof and the Property in a decent, safe and sanitary manner, in accordance with the maintenance standards required by Section 92.251 of the HOME Regulations, and in accordance with the standard of maintenance of high quality apartments within Los Angeles County, California. At the time of Project Completion and during the Affordability Period, the property owner must reasonably allow the City to conduct on-site inspections of HOME-assisted rental housing pursuant to the property standards of 24 CFR 92.251(b). The property owner must annually certify to the City that the building and all HOME assisted units in the Project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the City's ongoing property standards in accordance with 24 CFR 92.251(f). None of the Housing Units in the Project shall at any time be utilized on a transient basis, nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Developer fails to maintain the Project or the Property in accordance with this Agreement and such condition is not corrected within five (5) days after written notice from City with respect to health and safety deficiencies, graffiti, debris, and waste material, or thirty days after written notice from City with respect to other of the City's property standards, then City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Property and perform all acts and work necessary to protect, maintain, and preserve the Project and the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to City upon demand. The liens created under this Section shall be subject and subordinate to the lien of the mortgage or deed of trust encumbering the Property (or any part of the Property) for the Construction Contract approved pursuant to the terms of this Agreement.

1009. Management of the Project.

1009.1 Property Manager. Developer shall cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with property management standards for other comparable high quality, well managed rental housing projects in Los Angeles County, California. Developer shall hire or contract a property manager provided, however, that the selection and hiring of the property manager (and each successor or assignee property manager) is and shall be subject to prior written approval of City Manager in his sole and reasonable discretion. If a potential outside property manager has not previously acted as property manager for Developer, then Developer shall conduct due diligence and background evaluation of any potential outside property manager to evaluate experience, references, credit worthiness, and related qualifications. Any proposed property manager shall have prior experience with rental housing projects and property comparable to the Property and Project and the references and credit record of such manager/company shall be investigated (or caused to be investigated) by Developer prior to submitting the name and qualifications of such proposed property manager to the City Manager for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the City Manager. Approval of a property manager by City Manager shall not be unreasonably delayed but shall be in his sole and reasonable discretion and City Manager shall

use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing management of the Project. Furthermore, the identity and retention of any approved property manager shall not be changed without the prior written approval of the City Manager, which approval shall not be unreasonably withheld or delayed, but shall be in his sole and reasonable discretion. The selection by Developer of any new property manager also shall be subject to the foregoing requirements.

1009.2 Management Plan. Prior to and as a Condition Precedent pursuant to Section 403, Developer shall prepare and submit to the City Manager for review and approval an updated and supplemented Management Plan. City Manager approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to approval of the Management Plan by the City Manager the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Developer and property manager may from time to time submit to the City Manager proposed amendments to the Management Plan, which are also subject to the prior written approval of the City Manager.

(a) Gross Mismanagement. In the event of “Gross Mismanagement” (as that term is defined below) of the Project or any part of the Project, City Manager shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the property manager and replacement with a new qualified and approved property manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from City Manager. If such condition(s) do persist beyond such period City Manager shall have the sole and absolute right to immediately and without further notice to Developer (or to the property manager or any other person/entity) replace the property manager with a new property manager of the City Manager’s selection at the sole cost and expense of Developer. If Developer takes steps to select a new property manager that selection is subject to the requirements set forth above for selection of a property manager, except the thirty (30) day period shall be extended for an additional period not to exceed sixty (60) days in the aggregate if Developer is diligently taking steps to replace the property manager).

(i) For purposes of this Agreement, the term “Gross Mismanagement” shall mean management of the Project (or any part of the Project) in a manner which violates the terms and/or intention of this Agreement to operate a high quality rental housing complex comparable to other similar complexes in Los Angeles County, California, and shall include, but is not limited to, any one or more of the following:

1. Knowingly leasing to tenants who exceed the prescribed income levels;
2. Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;
3. Underfunding required reserve accounts, unless funds are reasonably not available to deposit in such accounts;

4. Failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein;

5. Failing to submit timely and/or adequate annual reports or Residual Receipts to City as required herein;

6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;

7. Failing to cooperate, reasonably and in good faith, with the Huntington Park Police Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;

8. Failing to cooperate, reasonably and in good faith, with the Huntington Park Fire Department or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;

9. Failing to cooperate, reasonably and in good faith, with the Huntington Park Community Development Department, the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project; and

10. Spending funds from the Capital Replacement Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) and/or, as applicable, generally accepted auditing principles.

(ii) Notwithstanding the requirements of the property manager to correct any condition of Gross Mismanagement as described above, Developer is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at the earliest feasible time and, if necessary, to replace the property manager as provided above. Developer shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract or agreement between Developer and its property manager.

(b) Marketing. Developer shall comply with an affirmative marketing plan reasonably approved by City, including methods for informing the public and potential tenants about the federal fair housing laws, procedures to inform and solicit applications from persons in the housing market area not likely to apply for tenancy at the Housing Units without special outreach and recordkeeping methods that will permit City to evaluate the actions taken by Developer (or property manager) to affirmatively market the Housing Units at the Project. Specific procedures for marketing and releasing Housing Units shall be set forth in the Management Plan and shall include the following at all times prior to the date that each Housing Unit has been initially occupied and at any time during which the number of households on the waiting list is less than twenty-five (25):

(i) Posting lease advertisements and notices of the availability of the Housing Unit(s) in local newspapers and other publications. Such advertisements and notices shall include a description of the age and income requirements applicable to the Housing Unit(s).

a. Posting advertisements and notices of the vacancy(ies) at local religious institutions, community centers, public buildings such as post-offices and City Hall, and the Huntington Park Public Library.

b. Posting advertisements and notices of the vacancy(ies) anywhere Developer believes tenant households eligible for occupancy in the Housing Units at the Project are likely to become informed.

1009.3 Occupancy Standards. Notwithstanding other applicable requirements, occupancy of one-bedroom Housing Units shall be limited to three persons and two-bedroom Housing Units shall be limited to five persons. Notwithstanding the foregoing, however, no current residents of Housing Units as of the date of this Agreement shall be evicted from their apartment units solely because such residents do not meet the occupancy requirements of this Section 1009.3.

1010. Code Enforcement. Developer acknowledges and agrees that City and City's employees and authorized agents shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the individual units, both exterior and interior, during normal business hours and upon reasonable notice (not less than 72 hours prior notice) to Developer and/or an individual tenant. If such notice is provided by City representative(s) to Developer, then Developer (or its property manager) shall immediately and directly advise tenant of such upcoming inspection and cause access to the area(s) and/or units on the Project to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the approved /rental agreements for each Housing Unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

1011. Annual Accounting of Reserve. Annually, at the same time as the proposed Operating Budget is due pursuant to Section 1012, Developer, at its expense, shall submit to City an accounting for the Capital Replacement Reserve and the Operating Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 1011.

1011.1 Capital Reserve Requirements. Developer shall annually set aside and fund the Capital Replacement Reserve amounts defined and required under this Agreement in the amount of Six Hundred Dollars (\$600) per year for each Housing Unit or shall cause the property manager to do so. The Capital Replacement Reserve deposits shall be allocated from the gross rents received from the Property and shall be deposited into a separate interest-bearing trust account. Funds in the Capital Replacement Reserve shall be used for capital replacements to the fixtures and equipment on the Property (including common areas) that are normally capitalized under generally accepted accounting principles and shall include the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks,

faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting.

1011.2 [Reserved]

1012. Operating Budget. Commencing on or before issuance of the Release of Construction Covenants, and each December 1 thereafter, Developer shall submit to City the Operating Budget for the Project that sets forth the projected Operating Expenses for the upcoming year. City Manager shall not unreasonably withhold, condition, or delay approval of the annual Operating Budget, or any amendments thereto. Until a new budget is approved the budget for the prior year shall apply.

1013. Reserved]

1014. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in California Health and Safety Code Section 33418 and the HOME Program, including Section 92.508 (or successor regulation) of the HOME Regulations, and shall annually complete and submit to City a Certification of Continuing Program Compliance substantially in the form of Attachment No. 9, or other form provided by City Manager. Representatives of City shall be entitled to enter the Property, upon at least seventy-two (72) hours notice, to monitor compliance with this Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. Developer agrees to cooperate with City in making the Property and all Housing Units thereon available for such inspection or audit. Developer agrees to maintain records in a businesslike manner, to make such records available to City upon seventy-two (72) hours notice, and to maintain such records for the entire Affordability Period.

1014.1 City Monitoring Fee. Annually, at the same time as the proposed Operating Budget is due, pursuant to Section 1012, Developer shall pay to City the sum of Twelve Hundred Dollars (\$1,200) for compliance monitoring. This fee shall be known as the City Monitoring Fee and shall be deemed to be a reasonable annual fee for compliance monitoring during the period of affordability. The fee is based upon the average actual cost of performing the monitoring of the HOME-assisted rental project as documented by the City and as included in the costs of the project as part of the project underwriting;

1015. Regulatory Agreement. The requirements of this Agreement that are applicable after the disbursement of the City funds are set forth in the Regulatory Agreement. The recordation of the Regulatory Agreement is a condition precedent to the initial or any subsequent disbursement of the City funds.

1100. FEDERAL PROGRAM LIMITATIONS; COMPLIANCE WITH LAWS.

1101. HOME Program. Because the City HOME Loan to Developer will be provided with HOME Program funds, Developer shall carry out the Construction of the Housing Units and the operation of the Project in conformity with all requirements of the HOME Program to the extent applicable to the Project. In the event Developer desires to change the affordable housing or maintenance requirements for the Property from the specific requirements set forth in this Agreement in order to comply with a subsequently enacted amendment to the HOME Program, Developer shall notify City in writing of such proposed change and the amendment related thereto at least thirty (30) days prior to implementing such change. In the event City disapproves of such change and Developer's interpretation of the amendment related thereto, City shall notify Developer of its disapproval in writing and the parties shall seek clarification from the appropriate HUD Field Office. Only if HUD concurs with Developer's interpretation of the HOME Program shall Developer be permitted to implement the proposed change.

1102. Federal Funding of City HOME Loan. Due to the source of funding for the City HOME Loan from HOME Program funds, which is a federal revenue source, Developer shall comply with all applicable Federal Program Limitations, including without limitation, the following federal provisions under Section 1103.

1103. Property Standards. Developer agrees that pursuant to 24 CFR 92.251(a) the new Construction unit and pursuant to 24 CFR 92.251(b) the Rehabilitation unit will meet State and local codes, or will meet State and local codes, ordinances, and zoning requirements. In the absence of an applicable State or local code for new Construction, the project must meet the International Code Council's (ICC's) International Residential Code or International Building Code, whichever is applicable to the type of housing being developed. This standard incorporates or specifies additional standards: accessibility requirements as applicable, in accordance with Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and the Fair Housing Act. Disaster mitigation standards and, in accordance with State and local requirements or as established by HUD to mitigate the risk of potential disasters (such as earthquakes, hurricanes, flooding, and wildfires).

1103.1 [Reserved]

1103.2 Labor Standards (Davis-Bacon). [Reserved]

1103.3 Handicapped Accessibility. Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulations at 24 CFR Part 8 Subpart C governing accessibility of projects assisted with federal funds; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR Parts 35-36 in order to provide handicapped accessibility to the extent readily achievable.

1103.4 Use of Debarred, Suspended, or Ineligible Participants. Developer shall comply with the provisions of 2 CFR part 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status, and City shall be responsible for determining whether each contractor has been debarred.

1103.5 Maintenance of Drug-Free Workplace. Developer shall certify that Developer will provide a drug-free workplace in accordance with 2 CFR 2429.

1103.6 Lead-Based Paint. City, as a recipient of federal funds, has modified and conformed all of its federally funded housing programs to Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, et seq., specifically §§4821-4846, and the implementing regulations at part 35, subparts subparts A, of this title thereto. In this regard, Developer shall comply with all requirements set forth in Section 302.1 above relating to compliance with federal requirements relating to lead-based paint and part 35.115(a)(6), which exempts the Project insofar as the property remains unoccupied until demolition.

1103.7 Affirmative Marketing. Developer shall adopt and implement affirmative marketing procedures and requirements at the Property in accordance with Section 92.351 of the HOME Regulations.

1103.8 Equal Opportunity and Fair Housing. Developer shall carry out the Project and perform its obligations under this Agreement in compliance with all of the federal laws and regulations regarding equal opportunity and fair housing described in 24 CFR 92.350.

1103.9 [Reserved]

1103.10 Requests for Disbursements of Funds. Developer may not request disbursements of funds hereunder until the funds are needed for payment of eligible costs of the Project. The amount of each request shall be limited to the amount needed for the Construction as set forth in the Final Budget.

1103.11 Eligible Costs. Developer shall only use HOME Program funds to pay costs defined as “eligible costs” under Federal Program Limitations.

1103.12 Records and Reports. Developer shall maintain and from time to time submit to City such records, reports and information as City Manager may reasonably require in order to permit City to meet the recordkeeping and reporting requirements required of them pursuant to 24 CFR 92.508 and 24 CFR 92.504(c)(3)(vi), including annual report on rents and occupancy of HOME-assisted units to verify compliance with affordability requirements, information on unit substitution and filling vacancies to ensure that the project maintains the required unit mix, reports (including financial reports) that enable the City to determine the financial condition and continued financial viability of the rental project.

1103.13 Conflict of Interest. Developer shall comply with and be bound by the conflict of interest provisions set forth at 24 CFR 92.356.

1103.14 Underwriting and Subsidy Layering Analysis. Developer acknowledges that an underwriting and layering review will be performed in accordance with the HOME Final Rule at 24 CFR 92.250 prior to committing HOME funds to ensure that the City does not invest any more HOME funds than necessary to the Property to ensure that the Developer’s

profit or return on his/her investment is appropriate and reasonable. In connection with such review Developer acknowledges and agrees it shall be required to represent and certify to City that no government assistance other than City funds has been obtained or is contemplated to be obtained for the Rehabilitation, Construction and operation of the Property. Developer agrees to notify City in the event that it applies for or proposes to use governmental funds, other than as listed in the previous sentence, for the Property or the Improvements thereto.

1104. Compliance with Laws. Developer shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws, (including the Governmental Requirements) with respect to Developer’s ownership and the Construction and the operation and management of the Property by Developer (all of which comprises the Project hereunder). Developer shall carry out the design, Construction and completion of Improvements, and operation and management of the Project, in conformity with all applicable laws, including all applicable federal, state, and local labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Huntington Park Municipal Code, Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Act, Civil Code Section 51, et seq.

1104.1 [Reserved]

1104.2 Section 3 Compliance. Developer agrees to comply with and to cause the general contractor, each subcontractor, and any other contractors and/or subcontractors or agents of Developer to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701u, and the implementing regulations, in connection with the Construction of the Project to the extent applicable. Developer shall submit to City each Construction Contract with appropriate provisions providing for the Construction of the Project in conformance with the terms of this Agreement, including the Section 3 Clause, in accordance with Section 206.2(e). City has prepared and provided to Developer a Section 3 “checklist” and other forms related to Section 3 compliance. Developer will use the forms provided by City in all contracts and subcontracts to which Section 3 applies. Developer shall provide or cause to be provided to the Contractor and each other contractor(s), subcontractor(s) and agents the checklist for compliance with the Section 3 Clause federal requirements provided by City, to obtain from the Contractor, each subcontractor, and other contractor(s), subcontractor(s), and agents all applicable items, documents, and other evidence of compliance with the items, actions, and other provisions within the checklist, and to submit all such completed Section 3 Clause documentation and proof of compliance to the City Manager. To the extent applicable, Developer shall comply and/or cause compliance with all Section 3 Clause requirements for the Project. For example, when and if Developer or its contractor(s) hire(s) full time employees, rather than volunteer labor or materials, Section 3 is applicable and all disclosure and reporting requirements apply.

The particular text to be utilized in any and all contracts of any contractor doing work covered by Section 3, and to the extent required by 24 CFR Subtitle B, Chapter 1, Subchapter B, part 135, shall be in substantially the form of each of the following, as reasonably determined by City Manager, or as directed by HUD or its representative, and shall be executed by the applicable contractor under penalty of perjury:

“(i) The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- -income persons inclusive of 50% AMI Very Low Income Households, and 60% AMI Low Income Households served by the Project (as defined in the Affordable Housing Agreement and Regulatory Agreement), particularly persons who are recipients of HUD assistance for housing.”

“(ii) The parties to this contract agree to comply with HUD’s regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.”

“(iii) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this Section 3 clause, and will post copies of notices in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number of job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of person(s) taking applications for each of the positions; and the anticipated date the work shall begin.”

“(iv) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.”

“(v) The contractor will certify that any vacant employment positions, including training positions, that are filled (a) after the contractor is selected but before the contract is executed, and (b) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor’s obligations under 24 CFR part 135.”

“(vi) Noncompliance with HUD’s regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.”

“(vii) With respect to work performed in connection with Section 3 covered Indian Housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible, (a) preference and opportunities for training and employment

shall be given to Indians, and (b) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).”

After the foregoing Section 3 Clause, Developer and/or Contractor, as applicable, shall add the signature block of Contractor (or other contractor(s) and subcontractor(s), as applicable) and add the following text immediately above the signature block: “The contractor/provider by this his signature affixed hereto declares under penalty of perjury that contractor has read the requirements of this Section 3 Clause and accepts all its requirements contained therein for all of his operations related to this contract.”

1200. NONDISCRIMINATION COVENANTS.

Except to the extent preferences are permitted or required by this Agreement, Developer covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

The foregoing covenants shall run with the land. Developer shall refrain from restricting the rental, sale or lease of the Property on the basis of any of the characteristics listed above. Developer shall also comply with the equal opportunity and fair housing requirements set forth in Section 92.350 of the HOME Regulations. The foregoing Covenants shall run with the land. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In Deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

(b) In Leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or

through him or her, and this lease is made and accepted upon and subject to the following conditions: “That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) **In Contracts:** “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

The covenants established in this Section 1200 shall, without regard to technical classification and designation, be binding for the benefit and in favor of City and its successors and assigns, and shall remain in effect in perpetuity.

1300. DEFAULTS AND REMEDIES.

1301. Defaults— General. Subject to the permitted extensions of time and other cure periods set forth in this Agreement and in the Project Documents, failure or delay by any party to perform any term or provision of this Agreement constitutes a Default hereunder and under Project Documents. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

1301.1 Events of Default by Developer. The occurrence of any of the following, whatever the reason therefore, shall specifically constitute an Event of Default by Developer:

(a) Developer fails to make payment specified under the City Residual Receipts Report when due, and such failure is not cured within ten (10) days after Developer’s receipt of written notice that such payment was not received when due; or

(b) Developer fails to perform any other obligation for the payment of money (other than payments of principal or interest) under any Project Document, and such failure is not cured within ten (10) days after Developer’s receipt of written notice that such obligation

was not performed when due, and Developer has not exercised its right to contest the obligation to make such payments in conformity with this Agreement; or

(c) Developer fails to perform any obligation (other than obligations described in subsections (a) and (b), above) under any Project Document, and such failure is not cured within thirty (30) days after Developer's receipt of written notice that such obligation was not performed; provided that, if cure cannot reasonably be effected within such thirty (30)-day period, such failure shall not be an Event of Default so long as Developer (in any event, within thirty (30) days after receipt of such notice) commences cure, and thereafter diligently prosecutes such cure to completion; or

(d) Work on the Project ceases for thirty (30) consecutive days for any reason (other than and limited to: governmental orders, decrees or regulations, acts of God, strikes or other causes beyond Developer's reasonable control) and such causes, in the aggregate and in the City Manager's reasonable judgment, threaten to delay the completion of the Project beyond the required Outside Completion Date set forth in this Agreement; or

(e) Developer is enjoined or otherwise prohibited by any governmental agency from constructing and/or occupying the Improvements and such injunction or prohibition continues unstayed for thirty (30) days or more for any reason; or Developer is dissolved, liquidated or terminated, or all or substantially all of the assets of Developer are sold or otherwise transferred without the City Manager's prior written consent to the extent consent is required; or

(f) If the Project does not comply with all applicable HOME and NSP requirements during the Affordability Period; or

(g) Developer is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Developer applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Developer and the appointment continues undischarged or unstayed for ninety (90) days; or Developer institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, reorganization, or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Developer and continues undismissed or unstayed for ninety (90) days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Developer is not released, vacated or fully bonded within ninety (90) days after its issue or levy; or

(h) City exercises City's right to cure a default by Developer under the Construction Contract and Developer does not reimburse City for the cost to cure such default within ten (10) days following written demand for payment from City.

1302. Notice of Default. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except for Developers failures

to make a payment on the City Residual Receipts Report pursuant to 1301.1(a) or as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice or, provided that the party is proceeding with diligence to cure, such greater time as may reasonably be necessary to cure given the nature of the Default. In the event the Developers default is for failure to make a payment on the City Note, the City may institute proceedings against Developer upon 10 days notice in accordance with Section 1301.1(a). Failure or delay in giving notice shall not constitute a waiver of any Default, nor shall it change the time of Default. If City fails to approve or disapprove any request by Developer within the time period set forth in this Agreement or any other Project Document (or, if no time period is set forth herein or therein, within thirty (30) days after the initial request), such failure shall be a Default by City ten (10) days after Developer gives City notice of the Default.

1303. [Reserved]

1304. Remedies Upon Default.

1304.1 Institution of Legal Actions. The occurrence of any Event of Default shall give the non-defaulting party the right to proceed with any and all remedies set forth in this Agreement or any other implementing or ancillary agreements related to the Project, including an action for damages, an action or proceeding at law or in equity to require the defaulting party to perform its obligations and covenants hereunder or thereunder or to enjoin acts or things which may be unlawful or in violation of the provisions hereof or thereof, and the right to terminate this Agreement. In addition, the occurrence of any Event of Default by Developer will relieve City of any obligation to perform hereunder, including without limitation to fund the City HOME Loan, and the right to cause any indebtedness of Developer to City hereunder to become immediately due and payable.

(a) Acceptance of Service of Process. In the event that any legal arbitration or action is commenced against City, service of process on City shall be made by personal service upon the City Clerk or in such other manner as may be provided by law. In the event that any legal action is commenced against Developer, service of process on Developer shall be made by personal service upon a partner or an officer of Developer and shall be valid whether made within or outside the State of California or in such other manner as may be provided by law.

1304.2 Other City Remedies upon Developer Default. Upon the occurrence and during the continuance of any Event of Default by Developer, City may, at its option and in its sole and absolute discretion, do any or all of the following:

(a) In its own right or by a court-appointed receiver, take possession of the Property, enter into contracts for and otherwise proceed with the completion of the work of improvement on the Property by expenditure of its own funds;

(b) Exercise any of its rights under the Project Documents and any rights provided by law, including the right to foreclose on any security and exercise any other rights with

respect to any security, all in such order and manner as City elects in its sole and absolute discretion; and/or

(c) Seek and obtain an order for specific performance as allowed by law or in equity.

1305. Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity(except that City's acts or failure to act shall not excuse performance of City hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause.

1306. Attorney's Fees. In the event any legal action is instituted between City and Developer (including any member or partner of Developer or its successor(s) and assign(s)) in connection with this Agreement, then the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees, and all fees, costs, and expenses incurred on any appeal or in collection of any judgment.

1307. Inaction Not a Waiver of Default. Any failures or delays by any party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

1308. Cumulative Remedies; No Waiver. The parties' rights and remedies under this Agreement are cumulative and in addition to all rights and remedies provided by law from time to time. The exercise by a party of any right or remedy shall not constitute a cure or waiver of prejudice such party in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by a party to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of this Agreement shall be construed as a waiver of any subsequent breach of the same provision. A party's consent to or approval of any act by another party requiring further consent or approval shall not be deemed to waive or render unnecessary such party's consent to or approval of any subsequent act. A party's acceptance of the late performance of any obligation shall not constitute a waiver by such party of the right to require prompt performance of all further obligations; a party's acceptance of any performance following the sending or filing

of any notice of default shall not constitute a waiver of such party's right to proceed with the exercise of its remedies for any unfulfilled obligations; and such party's acceptance of any partial performance shall not constitute a waiver by such party of any rights relating to the unfulfilled portion of the applicable obligation.

1400. TRANSFERS.

1401. Transfers; General Prohibition of Transfer. The qualifications and identity of Developer as the qualified Community Housing Development Organization (CHDO) and as an experienced and successful developer and operator/manager of affordable housing are of particular concern to City. It is because of these identities and the qualifications of the Developer that City have entered into this Agreement with Developer. Accordingly, continuing through and including the completion of the Construction of the Property and the final payment on the City HOME Loan or the end of the Affordability Period, whichever occurs later, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement, nor shall Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the Developers interest in this Agreement (referred to herein as a "Transfer"). . A CHDO as a "developer" of rental housing must arrange for the construction financing and is in sole charge of the construction, and must own the HOME-assisted Project throughout the period of affordability

1401.1 Permitted Transfers. Notwithstanding the provisions of this Agreement or any other Project Document prohibiting transfer of any interest in Developer, the Property, the Project, this Agreement, or any of the Project Documents, City approval of a Transfer shall not be required in connection with any of the following:

(a) An assignment for financing purposes to secure the funds necessary for the undertaking through completion of the Construction so long as such Construction has duly reviewed and approved by City and City have approved such financing or refinancing pursuant to this Agreement.

(b) Leasing of individual Housing Units to qualified tenants in accordance with Section 1000, et seq. and the Regulatory Agreement.

In the event of a Transfer by Developer not requiring City's prior approval, Developer nevertheless agrees that at least fifteen (15) days prior to such Transfer it shall give written notice to City of such assignment and satisfactory evidence that the assignee will and shall assume all of the obligations of this Agreement in writing through an assignment and assumption agreement in a form reasonably acceptable to City. The form of each assignment and assumption agreement shall be submitted to City for review and approval by City's legal counsel not later than fifteen (15) days prior to the proposed date of the Transfer.

1401.2 City Consideration of Requested Transfer. City agree that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 1401, et seq., provided Developer delivers written notice to City requesting

such approval and includes the proposed assignment and assumption contract and, if required by City, all necessary and relevant background and experience information related to the proposed transferee.

An assignment and assumption agreement in form satisfactory to City's legal counsel shall be required for each proposed Transfer. Within fifteen (15) days after the receipt of Developer's written notice requesting City approval of a Transfer pursuant to this Section 1401, et seq., City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, City reasonably requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to City such further information as may be reasonably requested. Upon the effective date of the approved or permitted Transfer, the assignor shall be released by City from any and all obligations assumed by the assignee.

(a) Payment of City Third Party Costs re Proposed Transfer. Any and all third party costs incurred by City in connection with consideration and approval (or disapproval) of a proposed transferee for any Transfer in excess of \$500 per request (increased annually by CPI) shall be paid by Developer, and payment thereof shall be and remain a condition precedent to City's obligation to approve and execute any Transfer document, including without limitation any assignment and assumption agreement.

1500. MISCELLANEOUS.

1501. General Interpretation Terms.

1501.1 Singular and Plural Terms; Masculine and Feminine Terms.

Any defined term used in the plural in any Project Document shall refer to both the singular and the plural form thereof. Any provision herein or defined term used that refers to the masculine shall also refer to the feminine, and any provision herein or defined term used that refers to the feminine shall also refer to the masculine.

1501.2 Accounting Principles. Any accounting term used and not specifically defined in any Project Document shall be construed in conformity with, and all financial data required to be submitted under any Project Document shall be prepared in conformity with, generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to City.

1501.3 References and Other Terms. Any reference to any Project Document or other document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections, Exhibits, and Attachments shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears except as otherwise noted. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation". The terms "Rehabilitation" and "new Construction" will be used interchangeably with the term Construction".

1501.4 Attachments and Other Exhibits Incorporated. All attachments and other exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

1502. Notice of Certain Matters. Developer shall give notice to City, within ten (10) days after Developer's learning thereof, of each of the following:

(a) any material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer or an Affiliate is or may be made a party or to which any portion of the Property is or may become subject, which have not been fully disclosed in the material submitted to City which could materially adversely affect the ability of Developer to carry out its obligations hereunder, whether covered by insurance or not;

(b) any dispute between Developer and any governmental agency relating to the Property, the adverse determination of which might materially affect the Property;

(c) any change in Developer's principal place of business;

(d) any aspect of the Project that is not in substantial conformity with the Scope of Development;

(e) any Event of Default or event which, with the giving of notice or the passage of time or both, would constitute an Event of Default;

(f) the creation or imposition of any mechanics' lien or other lien against the Property;

(g) any material adverse change in the financial condition of Developer; and

(h) any material change affecting the eligibility of a selected Tenant.

1503. Further Assurances. Developer and City shall each execute and acknowledge (or cause to be executed and acknowledged) and deliver to the other party all documents, and take all actions, reasonably required by the other party from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents, to protect and further the validity, priority and enforceability of this Agreement, the Regulatory Agreement and Financing Statement or otherwise to carry out the purposes of the Project Documents.

1504. Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of City to Developer, or any other claim by Developer against City, in connection with the Property or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's outstanding

obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

1505. Notices. All notices, demands, approvals and other communications provided for in the Project Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Developer: Oldtimers Housing Development Corporation-IV
3355 East Gage Avenue
Huntington Park, CA. 90255
Attn: Martin Nava, Executive Director

City: City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
Attn: City Manager

Addresses for notice may be changed from time to time by written notice to all other parties. Written notice, demands and communications between City and Developer shall be deemed sufficient if dispatched by personal delivery, overnight delivery by a reputable courier service, or registered or certified mail, postage prepaid, return receipt requested to the principal offices of City and Developer, the addresses of which are hereinafter set forth. Such written notices, demands and communications may be sent in the manner prescribed to each other's addresses as either party may, from time to time, designate by mail, or the same may be delivered in person to representatives of either party upon such premises. Notices herein shall be deemed received and effective upon: (i) if personally delivered, the date of delivery to the address of the person to receive such notice; (ii) if mailed, the date of delivery or refusal to accept delivery indicated in the certified or registered mail receipt; or (iii) if given by courier service, the date of delivery evidenced by the receipt for delivery provided by the courier service.

1506. Survival of Representations and Warranties. All representations and warranties in the Project Documents shall survive the conveyance of the Property and termination of this Agreement and have been or will be relied on by City notwithstanding any investigation made by City.

1507. No Third Parties Benefited. This Agreement is made for the purpose of setting forth rights and obligations of Developer and City, and no other person shall have any rights hereunder or by reason hereof.

1508. Binding Effect; Assignment of Obligations. This Agreement shall bind, and shall inure to the benefit of, Developer and City and their respective and permitted successors and assigns. Except as otherwise permitted pursuant to Section 1401.1 above, Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of City Manager, which consent may be withheld in the City Manager's sole and absolute discretion. Any such assignment without such consent shall, at City's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that City relied upon

Developer's particular expertise in entering this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Project.

1509. Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns of Developer, as applicable, and as herein provided. Upon the effective date of the approved or permitted Transfer, if an assignment and assumption agreement reasonably acceptable to City has been executed and delivered to City, the assignor Developer shall be released by City from any and all obligations assumed by the approved or permitted assignee.

1510. Counterparts. Provided that the written approval of City Manager is first obtained, any Project Document may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

1511. Prior Agreements; Amendments; Consents; Integration. This Agreement (together with the other Project Documents) contains the entire agreement between City and Developer with respect to the Property, and all prior negotiations, understandings and agreements are superseded by this Agreement and such other Project Documents. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through 65 and Attachment Nos. 1 through 12, which constitutes the entire understanding and agreement of the parties.

1512. Waivers. All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of City and Developer, and all amendments hereto must be in writing by the appropriate authorities of City and Developer.

1513. Governing Law. All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California and applicable Federal Program Limitations. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Los Angeles or the United States District Court of the Central District of California, as City may deem appropriate, the other Project Documents. Developer also waives any objection regarding personal or in rem jurisdiction or venue.

1514. Severability of Provisions. No provision of this Agreement or of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of this Agreement and the Project Documents are hereby declared to be severable.

1515. Headings. Article and Section headings included in this Agreement, the Attachments, and any Project Documents are for convenience of reference only and shall not be used in construing such documents.

1516. Conflicts. In the event of any conflict between the provisions of this Agreement and those of the Existing Agreement or the Existing Regulatory Agreement, the provisions of the City Note, this Agreement and the Regulatory Agreement shall prevail; however, in the event of a conflict between the provisions of this Agreement and any other Project Document, this Agreement shall prevail. Notwithstanding the foregoing, with respect to any matter addressed in both this Agreement and any other Project Document, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

1517. Time of the Essence. Time is of the essence in this Agreement and in all of the Project Documents.

1518. Conflict of Interest. No member, official or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement that is prohibited by law.

1519. Warranty Against Payment of Consideration. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

1520. No liability of City and Developer Officials and Employees. No member, official, director, officer, board official, or employee of any party to this Agreement shall be personally liable to any other party, or any successor in interest of any other party, in the event of any default or breach by the party or for any amount which may become due to the other party(ies) or successor, or on any obligation under the terms of this Agreement.

1521. [Reserved]

1522. City Approvals and Actions through City Manager. City shall maintain authority of this Agreement and the authority to implement this Agreement through City Manager. City Manager shall have the authority to issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantively change the uses or development planned and required on the Property, or add to the costs incurred or to be incurred by City as specified herein, and such interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

1523. Implementation of Agreement and the Project. The parties acknowledge that, due to the long term nature of the Project, it may be necessary and/or appropriate at some time in the future, or from time to time, for the parties to enter into one or more implementation agreement(s) or to otherwise execute additional documentation to clarify and implement the provisions of this Agreement and provide for the incorporation of additional or different funding and/or financing sources for the development and operation of the Project, as may become necessary or appropriate for the successful development of the Project and implementation of this

Agreement. Each party agrees to cooperate in good faith to negotiate and enter into such implementation agreement(s) for the Project as may be determined to be reasonably necessary and/or appropriate by Developer or City Manager, in either of their reasonable discretion.

1524. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term “holiday” shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

1525. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

1526. Reserved.

IN WITNESS WHEREOF, the parties hereto have caused this HOME Investment Partnerships (HOME) Affordable Housing Agreement to be executed on the dates hereinafter respectively set forth.

DEVELOPER:

OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV, a California nonprofit corporation

By:____
Its:____

CITY:
CITY OF HUNTINGTON PARK

By: _____

Its: _____

ATTEST:

City Clerk

Approved as to Form

City Attorney

ATTACHMENT NO. 1

LEGAL DESCRIPTION

That real property located in the State of California, County of Los Angeles, City of Huntington Park, and described as follows:

LOT:6 BLK:5 CITY:REGION/CLUSTER: 12/12117 C S MILES ADD TO HUNTINGTON
PARK N 90 FT OF LOT 6 BLK 5

SCHEDULE OF PERFORMANCE

	Tasks	Initial Deadlines
	<u>GENERAL</u>	
1.	Submittal of Agreement. Developer shall execute and submit to the City the Affordable Housing Agreement, the City Loan Note, City Loan Deed of Trust and Regulatory Agreement and such other Project Documents required by the City for consideration and action at a public meeting.	No later than July 31, 2016, fourteen (14) days prior to City consideration and action on July 15, 2016.
2.	Satisfaction of Conditions Precedent for Rehabilitation and Construction. Developer shall satisfy all conditions precedent to disbursement of the HOME Loans.	Developer to meet Precedent Condition no later than August 15, 2016.
3.	Progress Reports. During construction Developer is to prepare monthly written progress reports and submit to City Project Manager.	Commencing thirty (30) days after start of Construction through completion.
	<u>CONSTRUCTION OF THE PROPERTY</u>	
4.	Construction Plans- As part of the conditions precedent to construction, developer is to prepare and submit Construction Plans to City for review and approval. Developer is to submit the Construction work write-up; construction plans and specifications; environmental reports; required detailed plans, including floor plan, site plan, landscape plan, materials and working drawings, collectively considered the Construction plans.	Within sixty (60) days of execution of Agreement, but no later than September 31, 2016.
5.	Approval of Construction Plans- City is to review and approve, approve with conditions or disapprove the Construction Plans.	Within thirty (30) days of Developer's complete submittal of the Construction Plans but no later than October 31, 2016.

6.	<p>Satisfaction of Conditions Precedent for Indirect Cost activities and Rehabilitation and Construction Costs. Developer shall satisfy all conditions precedent to disbursement of the HOME Loans, including submittal of the Rehabilitation and Construction Work Write-up, Rehabilitation and Construction plans and specifications, environmental reports, physical needs assessment and required detailed plans, including Floor Plan, Site Plan, Floor Plan and Landscape Plan, materials and working drawings, collectively considered the Rehabilitation and Construction Plans</p>	<p>Within thirty (30) days of approval of Agreement but no later than August 31, 2016.</p>
7.	<p>Certificate of Insurance. Developer shall supply the Commission with the certificate(s) of insurance required by the Agreement.</p>	<p>Prior to the disbursement of Commission Loan for Rehabilitation and Construction.</p>
8.	<p>Commencement Rehabilitation and Construction. Developer shall commence Rehabilitation and Construction of the Property.</p>	<p>Within Sixty (60) days following plan approval of Rehabilitation and Construction Plans, but no later than December 30, 2016.</p>
9.	<p>Completion of 25 Percent of Rehabilitation. Developer is to complete 25 Percent of all work of the Rehabilitation.</p>	<p>Within twenty-one (21) days after commencement of the Rehabilitation but in no event later than February 01, 2017.</p>
10.	<p>Completion of 50 Percent of Rehabilitation. Developer is to complete 50 Percent of all work of the Rehabilitation.</p>	<p>Within forty-two (42) days after commencement of the Rehabilitation but in no event later than – March 31, 2017.</p>
11.	<p>Completion of 75 Percent of Rehabilitation. Developer is to complete 75 Percent of all work of the Rehabilitation.</p>	<p>Within sixty-three (63) days after commencement of the Rehabilitation but in no event later than June 31, 2017.</p>
12.	<p>Completion of Rehabilitation and Construction. Developer shall complete the Rehabilitation and Construction of the Property.</p>	<p>Within 6 months or 180 days commencing implementation of the Rehabilitation and Construction, no later than July 31, 2017.</p>
13.	<p>Final Disbursement- City is to release final disbursement of funds thirty-five (35) days after lien-free completion of the Construction, recordation of the Notice of Completion for the Project (except to the extent City has approved lessor retention or different timing for release of retention with respect to certain trades or line items), issuance of the Release of Construction Covenants for the Project by City, satisfactory completion of all applicable Conditions Precedent in accordance with Section 403, and satisfaction of the Disbursement Procedures.</p>	<p>Within thirty-five (35) days after Developer’s satisfactory completion of requirements under Section 403 of the Agreement but no later than August 15, 2017.</p>

14.	Disbursement of Developer Fee- City is to release Developer fee in accordance with Section 404 of the Agreement.	Within thirty (30) days after Developer's compliance with Section 403 of the Agreement but no later than September 15, 2017.
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CITY HOME LOAN NOTE

PROMISSORY NOTE SECURED BY DEED OF TRUST

\$270,400

Huntington Park, California

_____, 2016

FOR VALUE RECEIVED, OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV, a California nonprofit corporation (“Developer”), promises to pay to the **CITY OF HUNTINGTON PARK**, a California municipal corporation (the “City”), or order, at the City’s office , 6550 Miles Avenue, Huntington Park, California 90255, or such other place as the City may designate in writing, the principal sum of up to Two Hundred Seventy Thousand Four Hundred Dollars (\$270,400), or so much of such amount which has been disbursed by the City to or on behalf of the Developer incorporated herein (the “Note Amount”), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the “Note”) is given in accordance with that certain Affordable Housing Agreement executed by the City and the Developer, dated as of July 8, 2015 (the “Agreement”). The rights and obligations of the Developer and the City under this Note shall be governed by the Agreement and by the additional terms set forth in this Note.

2. Interest. The Note Amount shall accrue interest at the rate of zero percent (0%) per annum.

3. Repayment of Note Amount. The Note Amount shall be paid by the Developer’s annual payment to the City of an amount equal to Seventy-Five percent (75%) of the Residual Receipts (as defined below) from operation of the Property (as defined in the Agreement), as determined by a residual receipts calculation from the operation of the Property the preceding calendar year. The Annual Residual Receipts shall be deposited to the City’s local HOME Trust Account. Annual Residual Receipts payments shall be made by the Developer by cashier’s check and shall be delivered on or before July 1 of each year during the term of this Note, commencing on July 1, 2017, until the Note Amount has been repaid in full. Any remaining portion of the Note Amount shall be due and payable on July 1, 2037. Notwithstanding the foregoing, the full Note Amount may be accelerated as set forth herein.

As used in this Note, “Debt Service” means payments made in a calendar year pursuant to the approved financing obtained for the Rehabilitation and Construction (as these terms are defined in the Agreement) of the Property pursuant to the Agreement, but excluding payments made pursuant to this Note.

As used in this Note “Income” shall mean all gross income and all revenues of any kind from the Property in a calendar year, including without limitation, Property rents, late charges, laundry revenues, vending machines, interest on security deposits, food service, if any, and any other revenues of whatever kind or nature from the Property.

As used herein, "Residual Receipts" shall mean Income less the sum of the Operating Expenses (as defined below) and Debt Service for each calendar year.

As used herein, "Operating Expenses" shall mean actual, reasonable and customary (for comparable affordable housing projects in Los Angeles County) costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance, and management of the Property in a calendar year, including: (a) payments to a capital replacement reserve account in an amount not greater than \$600 per housing unit per year; (b) a property management fee equal to 5 percent of the annual gross income; (c) annual City Monitoring Fee of \$1,200; (d) an assist management fee equal to 2 percent of the annual gross income; (e) painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services not included in property management, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings, fees and expenses of accountants, attorneys and other professionals; and (f) other actual, reasonable and customary operating costs and capital costs which are directly incurred and paid by the Developer. The Operating Expenses shall not in any event include non-cash expenses, including without limitation, depreciation.

The Residual Receipts shall be reported to the City annually in the form of the residual receipts report which is attached hereto as Exhibit B and incorporated herein, and at the request of the City the Developer shall also submit to the City annual financial statements with respect to the Property that have been reviewed by an independent certified public accountant together with an expressed written opinion of the certified public accountant that such financial statements present the financial position, results of operations, and cash flows fairly and in accordance with generally accepted accounting principles.

Notwithstanding the foregoing, however, the total amount of the principal, interest and any other amounts owing under this Note shall become immediately due and payable upon the earlier to occur of the following:

- a. the sale, lease, exchange or other conveyance of the Property, as that term is defined in the Agreement (other than transfers approved or permitted pursuant to Section 504 of the Agreement); or
- b. in the event of a default by the Developer under the Agreement, the Deed of Trust securing this Note, the Regulatory Agreement, or this Note, which has not been cured within the period of time set forth in those documents.

Failure to declare such amounts due shall not constitute a waiver on the part of the City to declare them due subsequently.

4. Security. This Note is secured by a Deed of Trust dated the same date as this Note.

5. Waivers

a. Developer expressly agrees that this Note or any payment hereunder may be extended from time to time at the City's sole discretion and that the City may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Developer.

b. No extension of time for payment of this Note made by agreement by the City with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Developer under this Note, either in whole or in part.

c. The obligations of Developer under this Note shall be absolute and Developer waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

6. Attorneys' Fees and Costs. Developer agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Deed of Trust Acceleration. The Deed of Trust and the Agreement provide for acceleration of the payments due under this Note in the event of default under the Deed of Trust or Agreement.

8. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Developer and by the City.

9. City May Assign. City may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Developer.

10. Developer Assignment Prohibited. Except in connection with transfers permitted pursuant to Section 700 of the Affordable Housing Agreement, in no event shall Developer assign or transfer any portion of this Note without the prior express written consent of the City, which consent may be given or withheld in the City's sole discretion.

11. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV, a California nonprofit corporation

By: _____

Exhibit 1

FORM OF RESIDUAL RECEIPTS REPORT

**The City of Huntington Park
Marconi Bungalows Project (6303 and 6303 1/2 Marconi Street)**

**Residual Receipts Report
for the Year Ending _____**

Date Prepared _____

Please complete the following information and execute the certification at the bottom of this form.

Annual Project Revenue

Please report Annual Project Revenue for the year ending _____ on the following lines:

- | | | |
|---|------------|-----------------|
| Rent Payments (including Section 8 tenant assistance payments, if any) | (1) | \$ _____ |
| Interest Income (do not include interest income from replacement and operating reserves nor interest income on tenant security deposits) | (2) | \$ _____ |
| Additional Income Related to Project Operations (for example, vending machine income, tenant forfeited deposits, laundry income not paid to the residents' association) | (3) | \$ _____ |
| Total Annual Project Revenue (Add lines 1, 2, and 3) | (4) | \$ _____ |

Operating Expenses¹

Please report Operating Expenses incurred in relation to the operations of the Project for the year ending _____, on the following lines:

- | | | |
|------------------------------------|-----|----------|
| Operating and Maintenance Expenses | (5) | \$ _____ |
| Utilities | (6) | \$ _____ |

Property management Expenses and On-Site Staff Payroll (7) \$ _____

Administrative Expenses Incurred by Project (8) \$ _____

Property Taxes (9) \$ _____

Insurance (10) \$ _____

Other Expenses Related to Operations of the Project (11) \$ _____
Please list these expenses: _____

Total Annual Operating Expenses (12) \$ _____
(Add lines 5, 6, 7, 8, 9, 10, and 11)

Net Operating Income (Subtract Line 12 from Line 4) (13) \$ _____

¹ Do not include expense unrelated to the Project's operations, such as depreciation, amortization, accrued principal and interest expense on deferred payment debt, or capital expenditures.

Additional Cash Flow Payments

Obligated Debt Service Payments (as approved by the City and other parties that may have such approval rights) (14) \$ _____

Scheduled Deposits to Reserves (as approved by the City) (15) \$ _____

Additional Payment Obligations (such as partnership management fees, deferred CHDO fees, or repayments on loans to partners, as approved by the City to have priority over Residual Receipt Payment to the City) (16) \$ _____

Total Additional Cash Flow Payments (Add lines 14, 15, and 16) (17) \$ _____

Residual Receipts for Year Ending _____ (18) \$ _____
(Subtract Line 17 from Line 13)

Percentage of Residual Receipts to be Paid to the City (as shown in the Promissory Note by and between the City and Borrower dated _____) (19) _____ %

Amount Payable to the City (Multiply Line 18 by Line 19) (20) \$ _____

The amount payable to the City listed on Line 2 is subject to payment according to the terms of the Promissory Note by and between the City and Borrower dated _____. If Line 20 is \$0.00 or negative, you owe nothing to the City this year. If Line 20 is a positive number, remit check payable to _____ and attach to this report.

**Computation of Residual Receipts
for the Year Ending _____**

The following certification should be executed by the Executive Director or Chief Financial Officer of the Borrower, or the Managing General Partner of the Borrower.

I certify that the information provided in this form is true, accurate, and correct in all respects.

Date

By: _____
(Print Name)

(Title)

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Huntington Park)
6550 Miles Avenue)
Huntington Park, California 90255)
Attention: Housing and Community Development Manager)

_____)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

**DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)**

This **DEED OF TRUST WITH ASSIGNMENT OF RENTS** (this “Deed of Trust”), is made as of ----, 2016 by **OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV**, a California nonprofit corporation (“Trustor”), whose address is 3355 East Gage, Huntington Park, California 90255, to the **CITY OF HUNTINGTON PARK** (and in such capacity herein called the “Trustee”), for the benefit of the **CITY OF HUNTINGTON PARK**, a California municipal corporation (and in such capacity herein called the “Beneficiary”), having an office located at is 6550 Miles Avenue, Huntington Park, California 90255.

WITNESSETH: that Trustor grants to Trustee in Trust, with Power of Sale, that property in the County of Orange, State of California, described as: See Exhibit 1, incorporated herein,

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

For the purpose of securing (1) payment of indebtedness in the principal amount of \$270,400 according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, and (2) the performance of each agreement and covenant contained in that certain Affordable Housing Agreement dated -----, 2016 between Trustor and Beneficiary (“Affordable Housing Agreement”), and that certain Regulatory Agreement dated -----, 2016 between Trustor and Beneficiary (“Regulatory Agreement”) and agreement securing payment ----- , 2016 of indebtedness of the Trustor to the Beneficiary in the principal sum of \$270,400 for the City HOME Promissory Note (“HOME Promissory Note”) dated -----, 2016. The Affordable Housing Agreement, Regulatory Agreement and HOME Promissory Note (collectively, the “Agreements”) are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced; (3) payment of additional

sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	San Bernardino	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego SERIES 5 Book 1964, Page 149774		
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878874		Sonoma	2067	427
Madera	911	136	Stanislaus	1970	56
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108
Modoc	191	93	Tuolumne	177	160
Mono	69	302	Ventura	2607	237
Monterey	357	239	Yolo 7	69	16
Napa	704	742	Yuba	398	693
Nevada	363	94			
Orange	7182	18			

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B, (identical in all counties), are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for

all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV, a California nonprofit corporation

By: _____

Martin Nava, Executive Director

Exhibit No. 1

LEGAL DESCRIPTION

That real property located in the State of California, County of Los Angeles, City of Huntington Park, and described as follows:

ATTACHMENT NO. 5

SCOPE OF DEVELOPMENT

MARCONI BUNGALOWS PROJECT

(6303 and 6303 ½ Marconi Street)

Concept drawings, elevation and site plan attached

PROJECT DESCRIPTION:

The unit mix will consist of:

<u>ADDRESS</u>	<u>UNIT TYPE</u>	<u>SIZE (SQ.FT.)</u>	<u>TYPE OF DEVELOPMENT</u>	<u>NUMBER</u>
6303 1/2 Marconi	1 Bedroom	1,475 (681 sq. ft. of interior space on second floor and 794 sq. ft. garage located on the first floor)	Construction	1
6303 Marconi	2 Bedroom	1,063 sq. frt	Rehabilitation	1

Oldtimers Housing Development Corporation proposes to development a small housing project located at 6303 and 6013 /12 Marconi Street in Huntington Park, comprised of two affordable housing units for low income families.

The rehabilitation of the detached unit at 6303 shall be in accordance with the City's rehabilitation standards pursuant to 24 CFR 92.251(b):

- *Health and safety.* Any identified life-threatening deficiencies will be mitigated immediately if the housing is occupied.
- *Major systems.* Major systems are: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. For rental housing, the participating jurisdiction's standards must require the participating jurisdiction to estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major system.
- *Lead-based paint.* The Developer is to meet the lead-based paint requirements at 24 CFR part 35.
- *Accessibility.* The housing unit is to meet the accessibility requirements in 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair

Housing Act (42 U.S.C. 3601-3619). Rehabilitation may include improvements that are not required by regulation or statute that permit use by a person with disabilities.

- *Disaster mitigation.* The housing unit is to be improved to mitigate the impact of potential disasters in accordance with State and local codes, ordinances, and requirements.

The construction of a single-family unit at 6303 1/2, shall be in accordance with the property standards for New Construction at 24 CFR 92.251(a).

- *State and local codes, ordinances, and zoning requirements.* The housing unit is to meet all applicable State and local codes, ordinances, and zoning requirements. In the absence of a State or local building code, the International Residential Code or International Building Code of the International Code Council.
- *Accessibility.* The housing must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619).
- *Disaster mitigation.* Where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish
- The proposed development includes a new two-story dwelling unit with one bedroom, one bath.
- Total square footage is 1,475; 681 square foot of interior space on second floor and 794 square foot four-car tandem parking garage located on the first floor.
- The dwelling unit is comprised of a large living room, an open dining space that leads into the kitchen, and a nicely laid out master bedroom and bath.
- Onsite improvements include landscaping and irrigation throughout the parcel, new concrete pavers, new decorative fixtures, new perimeter fencing, wood-sided double garage doors, iron guardrails and handrails, and a shared open space for both dwellings (6303 and 6303 1/2 Marconi)
- New construction unit will include “green” construction material such as energy star appliances and light fixtures, high performance energy rated windows, drought tolerant landscaping, and low-flow toilets and other water conservation devices.
- The project will be in a style that is compatible with the surrounding neighborhood.
- The development will comply with the requirements of the Affordable Housing and Regulatory Agreements and all City Codes and development standards.

ATTACHMENT NO. 7
AFFORDABLE RENT CALCULATION CHART

**MARCONI BUNGALOWS PROJECT (6303 & 6303 ½ MARCONI STREET) RENT SCHEDULE
ALLOWABLE GROSS RENTS BEFORE UTILITIES ALLOWANCE DEDUCTION (2015)**

<u>(60% Median/NSP(LI)/HOME (High)</u>	Total Number of Units	Designated HOME Units	NSP	HOME	NSP	Maximum Allowable Rent
1-Bedroom Units	1	1	1	\$1,034	\$1,034	\$1,034
2-Bedroom Units	1	1	1	\$1,242	\$1,242	\$1,242
Total	2	2	2			

*Utility allowances equal \$21/unit/month for one-bedroom unit (gas hearing, \$10; gas cooking, \$4 and gas water heater, \$7) and \$27/unit/month for two-bedroom units (gas hearing, \$13; gas cooking, \$5 and gas water heater, \$9). These allowances must be deducted from the gross rents.

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
 City of Huntington Park)
 6550 Miles Avenue)
 Huntington Park, California 90255)
 Attention: Housing and Community Development Manager)
 _____)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (the “Regulatory Agreement”) is entered into as ----, 2016, by and between the **CITY OF HUNTINGTON PARK**, a California municipal corporation (the “City”) and **OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV**, a California nonprofit corporation (the “Developer”).

RECITALS

A. The City of Huntington Park (“City”) has received funds from the HOME Investment Partnerships Act (HOME) of the United States, 42 U.S.C. §12701, *et seq.*, for the purpose of the production and operation of housing affordable to low and very low income families.

B. The Developer acquired real property located at 6303 and 6303 ½ Marconi Street in the City of Huntington Park as more particularly described in the legal description attached hereto as Exhibit A, which are improved with a total of one residential units (“Property”).

C. The City and the Developer entered into an Affordable Housing Agreement dated as of -----, 2016, pursuant to which the City has agreed to provide financial assistance to Developer to rehabilitate a housing unit at 6303 and construct a housing unit 6303 1/2 Street on the property and the Developer has agreed to rehabilitate and construct the Property with such financial assistance.

D. As a condition to the willingness of the City to provide financial assistance to the Developer to rehabilitate and construct housing units on the Property, the Developer has agreed to rent the units to qualifying individuals and families of low income as described herein for the public purpose of assisting such individuals and families to afford the cost of decent, safe and sanitary housing.

E. The purpose of this Regulatory Agreement is to create covenants, conditions and restrictions in favor of the City upon and subject to which the Property shall be owned, leased and occupied.

F. The covenants, conditions, and restrictions in this Regulatory Agreement are intended to run with the land and be binding upon the Developer and its successors and assigns in the Property.

G. The execution and recording of this Regulatory Agreement is a condition to the City making assistance available to the Developer pursuant to the Affordable Housing Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions.

1.1 Definitions. As used herein, initially capitalized words and terms shall have the same meaning assigned to them as indicated in this Regulatory Agreement or in the Affordable Housing Agreement.

1.2 Use of Certain Words. As used in this Agreement, (a) the words “include,” “includes” and “including” and words of similar import shall be construed as if followed by the words “without limitation” (b) the words “hereof,” “herein” and “hereunder” and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provisions of this Agreement; (c) pronouns shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa; (d) the word “day” shall mean a calendar day unless stated to be a business day; and the words “rehabilitate” and “construct” will be referred to as “construct”.

1.3 References. Except as provided herein to the contrary, references to any “Section” or “Exhibit” herein are to the sections and exhibits of this Agreement. References to any agreement or other document defined herein are to such agreement or documents as amended, restated, supplemented or otherwise modified. References to any statutory section or act herein are to such section or act as amended and/or recodified as well as to any successor statutes thereto.

1.4 Incorporation. The preamble and recitals of, and the exhibits attached to, this Agreement are hereby incorporated into, and made a part of, this Agreement.

1.5 Titles and Headings. The titles and headings of the sections and exhibits of this Agreement are intended for the convenience of reference only and shall not limit or otherwise affect the meaning of any provision of this Agreement.

2. Term of Regulatory Agreement. This Regulatory Agreement shall commence upon the date of its recordation in the Official Records of Los Angeles County Recorder’s Office, and shall remain in full force and effect through and including the date which is 20 years following Project completion as defined under 24 CFR 92.2, unless terminated earlier pursuant to the terms herein. The duration of HOME requirements shall be known as the “Affordability Period.” The duration of this requirement shall be known as the “Affordability Period.”

3. Use of Property. The Property shall be used as a two (2) unit complex for rental housing in accordance with the Affordable Housing Agreement and the terms set forth herein.

The Developer will not knowingly permit the Property to be used on a transient basis and will not lease/rent the Property for a period of less than thirty (30) consecutive days. The Developer will not convert the Property to condominium or cooperative ownership or seek condominium or cooperative conversion rights in the Project.

4. Compliance with Program Requirements. The Developer agrees that at all times its acts regarding the use of the City HOME Loan provided to the Developer, the Developer shall be in conformity with (i) the respective City HOME Loan Documents and (ii) all provisions of the HOME Program including the statutes, rules and regulations and such policies and procedures of the City and HUD pertaining thereto. The Developer acknowledges that it is familiar with such applicable provisions and has been professionally advised to the extent necessary for the purpose of enabling the Developer to comply fully with such provisions at its sole cost

5. Duty to Prevent Hazardous Material Contamination. During the Rehabilitation and operation of the Property, the Developer shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. The Developer shall notify the City, and provide to the City a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and the Developer shall report to the City, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

For purposes of this Section 5, “Governmental Requirements” shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property.

For purposes of this Section 5, “Hazardous Materials” means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of

Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, et seq. (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, et seq.

6. Construction of the Property. The Developer agrees to construct the Property in accordance with the Scope of Development and the Schedule of Performance which is attached to the Affordable Housing Agreement as Attachment 5 and Attachment 2, respectively and incorporated herein by reference, City’s Construction standards, which addresses standards for methods and materials to be used for Construction; State or local residential and building codes, as applicable or, in the absence of a State or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. The Project must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable. Covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implements the Fair Housing Act (42 U.S.C. 3601-3619) and measures to mitigate potential disasters (e.g., earthquake, flooding) in accordance with State and local codes, ordinances.

7. Compliance with Laws. The Developer shall carry out the design, construction and operation of the Property in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq.

8. Affordable Units. During the Affordability Period, the Developer shall make available, restrict occupancy to, and lease the two housing units within the Property to households with incomes that do not initially exceed sixty percent (60%) of Los Angeles County median income ("AMI"), adjusted for family size ("Low Income Households"), as established and amended from time to time by the United States Department of Housing and Urban Development (“HUD”). The Developer shall comply with the terms set forth below and in the Affordable Housing Agreement. The HOME Units shall be “fixed units” as defined in the HOME regulations, the location of which may change so long as the total number and bedroom mix of HOME Units satisfies the requirements hereof and shall be referred to as the “Affordable Units.”

The Developer shall obtain, at Developer’s expense, a completed income computation and certification form from tenants residing in Affordable Units in the Property at the time the Developer completes construction of the Property, as well as perspective tenants of the Affordable Units in the Property after the Developer’s construction of the Property. Developer

shall obtain such certification prior to the rental or lease of any Affordable Unit in the Property to a new tenant, and within a reasonable time after Developer's construction of the Property with respect to existing tenants, and annually thereafter. No new tenants shall be permitted to lease an Affordable Unit unless such certification demonstrates that such prospective tenant is a Low Income Household and meets the eligibility requirements established for the Affordable Unit.

The Developer shall initially determine annual income in accordance with HOME regulations at 24 CFR 92.203 (a)(1)(i) by examining the source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the household and subsequently determine income during the period of affordability by obtaining a written statement and certification of annual income from each Low Income HOME Household established at 24 CFR 92.203(a)(1)(ii) and in accordance with 24 CFR 92.252 (h). Such income certifications shall be available for inspection and copying by the City upon reasonable advance notice during normal business hours. The Developer shall verify the income of each proposed and existing tenant of the Affordable Units in the Properties by at least annually.

The Developer shall annually submit to the City a completed income and household size computation and certification form, in a form to be provided by the City. The Developer shall obtain an income certification from the tenant of the Property which shall certify that the income of the tenant is truthfully set forth in the income certification form. The Developer shall verify the income certification of the tenant in one or more of the following methods:

The Developer shall maintain all certifications and make them available to the City upon request.

9. Affordable Rent. The Property shall be subject to the HOME requirements of this Article through and including the date which is 20 years following the completion of the Project and all other requirements of this Article through and including the date which is 20 years following the completion of the Project. The duration of this requirement shall be known as the "Affordability Period." During the Affordability Period, the maximum Monthly Rent chargeable for units shall be annually determined in accordance with the following requirements.

a The Monthly Rent payable by each tenant of the two housing units designated for Low Income Households shall not exceed the lesser of: (i) High HOME Rents defined as the lesser of the fair market rent for comparable housing in the area as established by HUD pursuant to CFR 888.111, less the monthly allowance for utilities and services to be paid by each tenant, or (ii) thirty percent (30%) of sixty-five percent (65%) of Los Angeles County median income as determined by HUD for purposes of this Agreement less the monthly allowance for utilities and services to be paid by each tenants, as set forth in the HOME Regulations.

"Monthly Rent" means the total of monthly payments for (a) use and occupancy of the Property and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

c. A household who at the time of income certification qualified as lower income household shall continue to be deemed so qualified, until such time as the person or family's income is re-determined and the person or family is determined by the Developer to no longer be so qualified, even if such person or family's income has subsequently increased to an amount above the applicable income level. If the income of a tenant in any High HOME designated unit exceeds 80 percent of adjusted median income the tenant's monthly rent will be adjusted to the lesser of 30 percent of the tenant's monthly adjusted income or market rent, as reasonably determined by the City and the Developer.

10. Lease Requirements. Prior to rental of any of the Property, the Developer shall submit a standard lease form to the City for its approval. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations. The Developer shall enter into a written lease, in the form approved by the City, with each tenant of an Affordable Unit. Each lease shall be for a period of not less than one year unless mutually agreed to by the Developer and tenant, and shall not contain any of the provisions, which are prohibited pursuant to Section 92.253 of the HOME Regulations.

11. Affirmative Marketing. Developer shall adopt and implement affirmative marketing procedures and requirements at the Property in accordance with Section 92.351 of the HOME Regulations.

12. Selection of Tenants. The Property shall be leased to tenants selected by the Developer who meet all of the requirements provided herein. The Developer shall adopt a tenant selection system in conformance with Section 92.253(e) of the HOME Regulations, which shall be approved by the City in its reasonable discretion, which establishes a chronological waiting list system for selection of tenants. The Developer shall not refuse to lease to a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a Section 8 program.

13. Occupancy Standards. Occupancy of one-bedroom housing units shall be limited to three persons. Occupancy of two-bedroom housing units shall be limited to five following Project completion as defined under 24 CFR 92.2 persons. The standards set forth in the previous sentence are based upon a standard of two persons per bedroom plus one.

14. Maintenance. Developer shall maintain or cause to be maintained the interior and exterior of the Project and all Housing Units thereof and the Property in a decent, safe and sanitary manner, in accordance with the maintenance standards required by Section 92.251 of the HOME Regulations, and in accordance with the standard of maintenance of high quality apartments within Los Angeles County, California. At the time of Project Completion and during the Affordability Period, the property owner must reasonably allow the City to conduct on-site inspections of HOME-assisted rental housing pursuant to the property standards of 24 CFR 92.251(b). The property owner must annually certify to the City that the building and all HOME assisted units in the Project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the City's ongoing

property standards in accordance with 24 CFR 92.251(f). None of the Housing Units in the Project shall at any time be utilized on a transient basis, nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Developer fails to maintain the Project or the Property in accordance with this Agreement and such condition is not corrected within five (5) days after written notice from City with respect to health and safety deficiencies, graffiti, debris, and waste material, or thirty days after written notice from City with respect to other of the City's property standards, then City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Property and perform all acts and work necessary to protect, maintain, and preserve the Project and the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to City upon demand. The liens created under this Section shall be subject and subordinate to the lien of the mortgage or deed of trust encumbering the Property (or any part of the Property) for the Construction Contract approved pursuant to the terms of this Agreement.

15. Management Plan. The Developer shall submit for the approval of the City a "Management Plan" which sets forth in detail the Developer's property management duties, the affirmative marketing procedure in accordance with Section 11 hereof, the tenant selection process in accordance with Section 12 hereof, a security system and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Property and manner of enforcement, a standard lease form in accordance with Section 10 hereof, the identity of the manager of the Property (the "Property Manager") including a copy of the proposed management agreement specifying the amount of the management fee and relationship and division of responsibilities between the Developer and the Property Manager, and other matters relevant to the management of the Property. The Management Plan shall require the Developer to adhere to a fair lease and grievance procedure and provide a plan for tenant participation in management decisions. The management of the Property shall be in compliance with the Management Plan. The Management Plan, including such amendments as are approved by the City, shall remain in effect for the term of this Agreement. The Management Plan and any of its component plans or agreements may be amended by the Developer only with the prior approval of the City.

If at any time the City determines that the Property is not being managed or maintained in a manner consistent with well-managed City developments, or the performance of the Property Manager is deficient based upon the standards set forth in the Management Plan and in this Agreement, the City shall provide notice to the Developer of such deficiencies, and the Developer shall use its best efforts to correct such deficiencies. In the event that such deficiencies have not been cured within the time set forth in Section 20 hereof, the City shall each have the right to require the Developer to immediately remove and replace the Property Manager with another property manager or property management company which is reasonably acceptable to the City, which is not related to or affiliated with the Developer, and which has not less than five (5) years experience in property management, including significant experience managing affordable multifamily residential development of the size, quality and scope of the Property. The management agreement shall include a provision that it shall be subject to

termination by the Developer without penalty, upon not less than thirty (30) days prior written notice, if City shall request the Developer (i) to exercise such right of termination, and (ii) to make immediate arrangements satisfactory to City for continuing management of the Property.

16. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Section 92.508 (or successor regulation) of the HOME Regulations and shall annually complete and submit to City a Certification of Continuing Program Compliance in the form provided by the City. Representatives of the City shall be entitled to enter the Property, upon at least twenty-four (24) hours notice, to monitor compliance with this Agreement, to inspect the records of the Property, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the City in making the Property available for such inspection or audit. If for any reason the City is unable to obtain the Developer's consent to such an inspection or audit, the Developer understands and agrees that the City may obtain at Developer's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. Developer agrees to maintain records in businesslike manner, and to maintain such records for the term of this Agreement.

17. Operating Budget. Commencing on or before issuance of the Release of Construction Covenants, and each December 1 thereafter, Developer shall submit to City the Operating Budget for the Project that sets forth the projected Operating Expenses for the upcoming year. City Manager shall not unreasonably withhold, condition, or delay approval of the annual Operating Budget, or any amendments thereto. Until a new budget is approved the budget for the prior year shall apply.

18. Annual Accounting of Reserve. Annually, at the same time as the proposed Operating Budget is due pursuant to Section 17, Developer, at its expense, shall submit to City an accounting for the Capital Replacement Reserve and the Operating Reserve set forth in the Annual Financial Statement

(a) Capital Replacement Reserve. The Developer shall set aside, on an annual basis, in a separate reserve account (the "Capital Replacement Reserve"), the sum of six hundred dollars (\$600) for every housing unit on the Property. Interest earned on funds in the Capital Replacement Reserve shall remain in the Capital Replacement Reserve. Funds in the Capital Replacement Reserve shall be used for capital replacements to the Property fixtures and equipment which are normally capitalized under generally accepted accounting principles. As capital repairs and improvements of the Property become necessary, the Capital Replacement Reserve shall be the first source of payment therefor. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Property in the manner prescribed in this Agreement. Developer shall submit to City on not less than an annual basis a budget and an accounting for the Capital Replacement Reserve.

Capital repairs to and replacement of the Development shall include only those items with a long useful life, including without limitation the following:

- (i) Carpet and drape replacement;

- (ii) Appliance replacement;
- (iii) Exterior painting, including exterior trim;
- (iv) Hot water heater replacement;
- (v) Plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets;
- (vi) Air conditioning and heating replacement;
- (vii) Asphalt repair and replacement, and seal coating;
- (viii) Roofing repair and replacement;
- (ix) Landscape tree replacement and irrigation pipe and controls replacement;
- (x) Gas line pipe replacement;
- (xi) Lighting fixture replacement;
- (xii) Miscellaneous motors and blowers;
- (xiii) Common area furniture replacement and common area repainting;
- (xiv) Technological upgrades to computer, telephone, cable and security systems;
- (xv) Sidewalk repair and replacement; and
- (xvi) Handrail repair and replacement.

19. Non-Discrimination Covenants. Developer covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Developer shall also comply with the equal opportunity and fair housing requirements set forth in the HOME Regulations in addition to all applicable local, state and federal laws concerning discrimination in housing. The covenants established in this Section 19 shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City and their successors and assigns.

20. Violation of Regulatory Agreement. Any material breach by the Developer of any representation, warranty or covenant hereunder, which is not cured within thirty (30) days after notice thereof given by the City or, where cure is not possible within thirty days, whose cure is not commenced within thirty (30) days and diligently prosecuted to completion shall constitute an Event of Default. A breach of the Affordable Housing Agreement, City HOME Loan, Deeds of Trust or City Promissory Note, shall be considered a breach of this Regulatory Agreement.

In the Event of Default or a breach or violation of the provisions of this Regulatory Agreement, the City may give written notice to the Developer by certified mail or any express delivery service with a delivery receipt requested. If the breach or violation is not cured to the satisfaction of the City within the time period specified in the notice, which shall not be fewer than 30 days, the City may declare a default and may seek legal remedies including the following:

(a) Collect all rents and income in connection with the operation of the Property and use the same and the reserve funds for the operation and maintenance of the Property.

(b) Take possession of the Property and bring any action necessary to enforce any rights of the Developer growing out of the operation of the Property, and operate the Property in accordance with the terms of this Regulatory Agreement until such time as the City, in its sole discretion, shall determine that the Developer is again in a position to operate the Property in accordance with the terms of this Regulatory Agreement.

(c) Apply to any court, State or federal, for specific performance of this Regulatory Agreement or for the appointment of a receiver to take over and operate the Property in accordance with the terms of this Regulatory Agreement or for such other relief as may be appropriate. It is agreed by the Developer that the injury to the City arising from a default under any of the terms of this Regulatory Agreement would be irreparable and that the amount of compensation which would provide adequate relief to the City, in light of the purposes of the HOME Program would be impossible to ascertain.

(d) Accelerate all amounts, including outstanding principal and interest, due under the loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the City may proceed with a foreclosure in accordance with the provisions of the Deeds of Trust and State law regarding foreclosures.

(e) The City may seek such other remedies as may be available under law or equity.

In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted under this Regulatory Agreement, the City may demand, and seek as an additional remedy, the return of such excess rents or other charge to the affected households.

The remedies of the City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the City of any one or more of its other remedies.

21. Accounting Records. In a manner subject to City approval, the Developer shall maintain, on an accrual or modified accrual basis, a general ledger accounting system that is posted monthly and that accurately and fully shows all assets, liabilities, income and expenses of the Property. All records and books relating to this system shall be kept for the term of this Agreement and in such a manner as to ensure that the records are reasonably protected from destruction or tampering. Upon request, all records shall be subject to City inspection and audit.

22. Assignment of City's Rights. The City retains the right, at its sole discretion, to assign all or part of its rights under this Regulatory Agreement for the purpose of ensuring compliance and enforcement of the Developer's duties and obligations hereunder. In addition, the City may designate an agent to act on its behalf in monitoring compliance and enforcing the provisions hereof.

23. Time. Subject to the remainder of this Section 23, time is of the essence with respect to this Agreement and the performance of each obligation contained herein. Wherever the time for performance of any obligation hereunder or if, pursuant to this Agreement, a party must act by a particular time, or an act is effective only if done by a particular time, and the last date for the performance of such obligation or the doing or effectiveness of such act falls on a day other than a business day, the time for the performance of such obligation or the doing or effectiveness of such act shall be extended to the next succeeding business day. The first day shall be excluded and the last day shall be included when computing the time in which an obligation is to be performed or an act is to be done under this Agreement. Except as provided herein to the contrary, all time periods shall end at 5:00 p.m., California time. City shall not unreasonably delay its response when the Developer is required or desires to obtain City's approval or consent hereunder

24. Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice:

Developer: Oldtimers Housing Development Corporation-IV
3355 East Gage Avenue
Huntington Park, CA. 92055
Attn: Martin Nava, Executive Director

City: City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
Attention: Housing and Community Development Manager

Such addresses may be changed by notice to the other party given in the same manner as provided above. Notices shall be deemed received as of the date shown on the delivery receipt as the date of delivery.

25. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the City and its successors and assigns, and Developer and its successors and assigns, and no other person or persons shall have any right of action hereon.

26. Partial Invalidity. The unenforceability or invalidity of any provision of this Agreement as to any person or circumstance shall not render that provision unenforceable or invalid as to any other persons or circumstance, and all provisions hereof, in all other respects, shall remain valid and enforceable to the fullest extent permitted by law. The provisions of this Agreement shall be construed to effectuate the purposes of this Agreement and to sustain the validity hereof.

27. Governing Law. This Agreement and the City HOME Loan Documents and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California, without giving effect to conflict of laws principles. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto.

28. Entire Agreement. This Regulatory Agreement, the exhibits and the documents referenced in this Regulatory Agreement constitute the entire understanding and agreement of the parties, and supersede all negotiations or previous agreement between the parties with respect to all or any part of the subject matter hereof. This Regulatory Agreement may be executed in duplicate originals, each of which shall be deemed to be an original.

29. Title and Headings. The title and headings in this Agreement are for convenience only and shall not be construed to affect the meaning or construction of any provision so this Agreement.

30. Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents, instruments and other assurances and shall do any and all other acts and things reasonably necessary to carry out the purposes of this Agreement and the intent of the parties hereto.

31. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties to this Agreement and their respective successors and assigns; provided, however, that this provision shall not authorize the assignment or transfer of any interest except as otherwise provided for in this Agreement.

32. Attorneys' Fees. In addition to any other remedies provided hereunder or available pursuant to law, if either party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder, the prevailing party shall be entitled to recover from the other party its costs of suit and reasonable attorneys' fees.

33. Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every

such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

34. Waiver of Terms and Conditions. Any party may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

35. Non-Liability of City Officials and Employees. No member, official, employee or agent of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

36. Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement on behalf of the City, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Regulatory Agreement as of the date and year set forth above.

Developer:

OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV, a California nonprofit corporation

By: _____
Its: _____

CITY:

CITY OF HUNTINGTON PARK, a public body,
corporate and politic

By: _____
City Manager

ATTEST:

City Clerk

Approved as to Form:

Exhibit "A"

LEGAL DESCRIPTION

That real property located in the State of California, County of Los Angeles, City of Huntington Park, and described as follows:

ATTACHMENT NO. 9

CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV
("Developer/Operator") hereby represents and warrants that:

1. He/she has read and is thoroughly familiar with the provisions of the Affordable Housing Agreement ("Agreement") by and between the City of Huntington Park ("City"), the Westminster Housing Authority ("Authority") and **OLDTIMERS HOUSING DEVELOPMENT CORPORATION-IV** of which this certification is an attachment.

2. As of the date of this certification, each **HOME designated** Housing Unit on the Property (i) is currently occupied by tenants qualifying as 60% AMI Low Income Households, **HOME income eligible in accordance with 24 CFR 92.216 and 24 CFR 92.252 at an Affordable-HOME Rent** (as such terms are defined in the Agreement); or (ii) is currently vacant and being held available for occupancy by such tenants in accordance with the Agreement and have been so held continuously since the date the previous qualifying tenant vacated such Housing Unit; or (iii) is occupied by qualifying tenants whose incomes have increased above such qualifications in accordance with the terms and conditions of Section 2.4 of the Regulatory Agreement.

3. The unit number and size, the rental amount charged and collected by Developer/Operator, the number of occupants and the income of the occupants for the Property is set forth on EXHIBIT A, attached hereto.

This affidavit is made with the knowledge that it will be relied upon by City to determine compliance with the Agreement. Developer/Operator warrants that all information set forth in this document is true, correct and complete and based upon information Developer/Operator deems reliable and based upon such investigation as Developer/Operator deemed necessary.

Developer/Operator acknowledges that Developer/Operator has been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of the Agreement with City and may entitle City to initiate and pursue all applicable legal and equitable remedies with respect such Agreement.

[CONTINUED ON NEXT PAGE]

Developer/Operator does hereby execute this certificate on _____, 20__ at
Huntington Park, California.

“DEVELOPER/OPERATOR”

By: OLDTIMERS HOUSING
DEVELOPMENT CORPORATION-IV, a
California nonprofit public benefit
corporation, its Manager

By: _____

Martin Nava
Executive Director

ATTACHMENT NO. 10

CERTIFICATE OF CONTRACTOR

This **CERTIFICATE OF CONTRACTOR** (“Certificate”) is hereby made as of _____, 20__, by _____, a contractor duly licensed in the State of California (“Contractor”), in favor of the **CITY OF HUNTINGTON PARK**, a California municipal corporation (“City”). Any capitalized terms used herein and not defined shall have the same meanings as set forth in the Agreement.

RECITALS

A. City and Oldtimers Housing Development Corporation-IV (“Developer”) have entered into an Affordable Housing Agreement dated as of -----, 2016 (“Agreement”), which Agreement provides for Developer’s Rehabilitation and Construction of certain real property situated in the City of Huntington, California (“Property”) improved with one (1) apartment unit and to be improved with one (1) additional apartment unit. The Property is generally located at 6303 and 6303 ½ Marconi Street in the City.

B. As required in the Agreement, Contractor shall furnish City with this Certificate of Contractor acknowledging that any construction performed pursuant to the terms of the Agreement shall comply with Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, et seq., as amended.

C. Capitalized terms used herein have the meanings set forth in the Agreement.

NOW, THEREFORE, Contractor hereto certifies as follows:

1. As provided in the Agreement, Contractor does hereby certify that it understands that the provisions of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, et seq., as amended shall be applicable to any construction work performed pursuant to the Agreement;

2. Contractor shall be solely responsible for determining the requirements under Section 3, and for complying with such requirements; and

3. The recitals above are incorporated in full as part of the substantive text of this Certificate.

IN WITNESS WHEREOF, Contractor does hereby swear under penalty of perjury that the foregoing statements are true and correct and that this certificate was executed on _____, 20__ at Huntington Park, California.

CONTRACTOR:

By: _____

Name: _____

Title: _____

ATTACHMENT NO. 9

DISBURSEMENT PROCEDURES

The proceeds of the City Loan shall be disbursed pursuant to the **AFFORDABLE HOUSING AGREEMENT** dated ----, 2016 (“Agreement”) and in accordance with the following disbursement procedures. All initially capitalized terms used herein have the meanings set forth in the Agreement unless expressly otherwise defined herein.

A. CONSTRUCTION

1. Disbursement Account. The estimated balance of City HOME Loan proceeds of \$270,400 shall be retained by City and deposited into a “Disbursement Account” established in accordance with the provisions set forth herein for the “Eligible Costs” for the Construction.

(a) Subject to the satisfaction of all Conditions Precedent to the disbursement of the City Loan, the City shall establish a progress payment Disbursement Account for the Construction. The amount deposited in the Disbursement Account shall be the total unexpended balance of the City HOME Loan, which as of the Date of Agreement is estimated to be approximately \$270,400. All interest, if any, earned on the Disbursement Account shall accrue to City.

(b) Upon completion of Construction work at the Property, Developer may submit a request for disbursement of Entity Loan proceeds from the Disbursement Account. Such requests for disbursement shall not occur more frequently than on a monthly basis, and shall be in the form attached herein as Exhibit A.

(c) City shall disburse funds from the Disbursement Account on the basis of certificates executed by Developer and the Contractor and delivered to City, certifying that the work for which payment is requested has been accomplished in accordance with the approved plans and specifications for the Project, including the Construction Plans (“Plans and Specifications”), and upon approval by the Monitor (as defined below) of (i) such certificates and (ii) the completed Construction work for which disbursement of Entity Loans proceeds is being requested. Each such certificate shall be in a form approved by City. City may withhold a ten percent (10%) retention from each disbursement of Entity Loans Proceeds until all Construction at the Project has been satisfactorily completed. Notwithstanding Developer’s compliance with all other Conditions Precedent set forth in Section 403, et seq of the Agreement, City shall not make the Final Disbursement of Entity Loans Proceeds in the amount of approximately Fifty Thousand Dollars (\$50,000) until City issues the Release of Construction Covenants for the Project. The Final Disbursement amount described in the immediately preceding sentence may include all or a portion of the ten percent (10%) retention amount described above. In no event will City be obligated to use any source of funding other than HOME Program funds to Developer.

(d) At City’s option, disbursements from the Disbursement Account may be made (i) to Developer, or (ii) as joint disbursements to Developer and the Contractor, or (iii) as

joint disbursements to Developer, Contractor, and subcontractor, as determined by the Monitor and City.

(e) All funds disbursed to Developer shall be immediately used to pay or reimburse bills and charges for labor and/or materials with respect to the Construction in accordance with the certificate submitted by Developer as provided in paragraph (c) above.

(f) If at any time proposed changes in the Construction process shall increase the cost of the Project, Developer shall notify City thereof and City may withhold consent to such changes until Developer deposits sufficient funds in the Disbursement Account to cover the increased costs of such proposed changes and furnishes City with written consents to such changes from the sureties on any applicable bonds.

(g) Developer shall evidence continuing compliance with the Section 3 Clause, as set forth in the Agreement.

2. Construction Monitor. City shall appoint a staff member to serve as a Construction work monitor (“Monitor”) to review the Plans and Specifications, to review periodically the progress of the Construction, to review, verify the accuracy of, and approve the certificates submitted by Developer and Contractor with Developer’s written requests for disbursement of Entity Loans proceeds. City shall have the right to rely on, and City shall have the right to disburse funds in accordance with, each disbursement certificate approved by the Monitor in accordance with Paragraph 1(c) above. City shall have no liability to Developer for appointment of the Monitor or for any inspection, report or other action taken or not taken by the Monitor in connection with the Construction and disbursements from the Disbursement Account.

3. Protection of Security. Representatives of City shall have the right to enter upon the Property during normal business hours and upon seventy-two (72) hours notice. If in City’s opinion the work does not conform with the final, approved Plans and Specifications (as amended or modified with the consent of City), City shall have the right to stop the work and order its replacement whether or not such unsatisfactory work has theretofore been incorporated in the Property or the improvements thereon, and to withhold all disbursements from the Disbursement Account until the work is satisfactory. If correction of the work is not commenced within thirty (30) calendar days from the date City notifies Developer of the unsatisfactory work, failure to do so shall constitute an Event of Default under the Agreement.

Developer expressly agrees and acknowledges that City (a) does not assume the duties of Contractor, any other contractor or subcontractor, or architect, (b) is not required to make inspections of the Construction work, (c) does not represent that the funds deposited in the Disbursement Account are sufficient to complete the Construction (and if such funds are not sufficient for such purpose, City shall not have any obligation to complete the Construction with City’s funds-or with any other funds). City’s execution of the Agreement and City’s selection and engagement of the Monitor shall not constitute a representation that the Construction conforms to any existing covenants, laws, regulations or codes relating to the Property. Any inspection by City shall be made solely for the benefit and protection of City. Developer may not rely on any inspection by City. Developer shall notify City in writing if, during the course of its

own inspection of the work comprising the Construction any labor or materials used therefor are not satisfactory to Developer.

EXHIBIT A

**APPLICATION FOR DISBURSEMENT
MARCONI BUNGALOWS PROJECT (6303 & 6303 ½ Marconi Street)**

TO: CITY OF HUNTINGTON PARK (“City”)
FROM: Oldtimers Housing Development Corporation-IV (“Developer”)
REQUEST NO. _____
DATE: _____, 20__

Pursuant to the Affordable Housing Agreement dated as of -----, 2016 (“Agreement”) between Developer and City, Developer hereby requests that City disburse of the City Loan. This disbursement is requested to pay for various expenses incurred in connection with the Marconi Bungalows Project (“Project”), as summarized on the schedule attached hereto and detailed in the invoices submitted herewith. Developer hereby certifies that the amounts shown on the attached schedule and the accompanying invoices represent costs set forth in the approved Final Budget and Construction Contract for the Construction which are eligible for reimbursement at this time in accordance with the provisions of the Agreement.

Developer acknowledges that any increased costs of construction arising out of change orders or otherwise are not included in, or provided for, in the Construction Contract or the Final Budget and cannot be invoiced on this Application for Disbursement unless and until such change orders and/or other increases in costs have been approved in writing by City, except as otherwise provided in the Agreement.

Developer certifies that there have been no change orders or changes in the work of the Project increasing the cost of the Project by \$10,000 or more, individually, or when taken together with all previous change orders for the Project, by \$35,000 or more, except as previously expressly approved by City in writing, or as referenced below, with a copy of the appropriate documentation describing the change attached hereto (whether or not a disbursement is requested

herein on account of such change). The following change orders, identified by number and date, have been proposed and/or approved since the last Application for Disbursement: _____

SUBMITTED BY: _____

Date: _____, 20__

REVIEWED AND APPROVED BY: _____

City Construction Monitor

Date: _____, 20__

DISBURSEMENT SCHEDULE

<i>Item of Cost</i>	<i>Budgeted Amount</i>	<i>Amount Previously Disbursed</i>	<i>Amount Requested this Disbursement</i>
---------------------	------------------------	--	---

FORM OF RESIDUAL RECEIPTS REPORT

**City of Huntington Park
Marconi Bungalows Project
6303 and 6303 1/2 Marconi Street**

**Residual Receipts Report
for the Year Ending _____**

Date Prepared _____

Please complete the following information and execute the certification at the bottom of this form.

Annual Project Revenue

Please report Annual Project Revenue for the year ending _____ on the following lines:

- | | | |
|---|------------|-----------------|
| Rent Payments (including Section 8 tenant assistance payments, if any) | (1) | \$ _____ |
| Interest Income (do not include interest income from replacement and operating reserves nor interest income on tenant security deposits) | (2) | \$ _____ |
| Additional Income Related to Project Operations (for example, vending machine income, tenant forfeited deposits, laundry income not paid to the residents' association) | (3) | \$ _____ |
| Total Annual Project Revenue (Add lines 1, 2, and 3) | (4) | \$ _____ |

Operating Expenses¹

Please report Operating Expenses incurred in relation to the operations of the Project for the year ending _____, on the following lines:

- | | | |
|--|-----|----------|
| Operating and Maintenance Expenses | (5) | \$ _____ |
| Utilities | (6) | \$ _____ |
| Property management Expenses and On-Site Staff Payroll | (7) | \$ _____ |

Administrative Expenses Incurred by Project (8) \$ _____

Property Taxes (9) \$ _____

Insurance (10) \$ _____

Other Expenses Related to Operations of the Project (11) \$ _____

Please list these expenses: _____

Total Annual Operating Expenses (12) \$ _____
(Add lines 5, 6, 7, 8, 9, 10, and 11)

Net Operating Income (Subtract Line 12 from Line 4) (13) \$ _____

¹ Do not include expense unrelated to the Project's operations, such as depreciation, amortization, accrued principal and interest expense on deferred payment debt, or capital expenditures.

Additional Cash Flow Payments

Obligated Debt Service Payments (as approved by the City and other parties that may have such approval rights) (14) \$ _____

Scheduled Deposits to Reserves (as approved by the City) (15) \$ _____

Additional Payment Obligations (such as partnership management fees, deferred CHDO fees, or repayments on loans to partners, as approved by the City to have priority over Residual Receipt Payment to the City) (16) \$ _____

Total Additional Cash Flow Payments (Add lines 14, 15, and 16) (17) \$ _____

Residual Receipts for Year Ending _____ (18) \$ _____
(Subtract Line 17 from Line 13)

Percentage of Residual Receipts to be Paid to the City (as shown in the Promissory Note by and between the City and Borrower dated _____) (19) _____ %

Amount Payable to the City (Multiply Line 18 by Line 19) (20) \$ _____

The amount payable to the City listed on Line 2 is subject to payment according to the terms of the Promissory Note by and between the City and Borrower dated _____. If

Line 20 is \$0.00 or negative, you owe nothing to the City this year. If Line 20 is a positive number, remit check payable to _____ and attach to this report.

**Computation of Residual Receipts
for the Year Ending _____**

The following certification should be executed by the Executive Director or Chief Financial Officer of the Borrower, or the Managing General Partner of the Borrower.

I certify that the information provided in this form is true, accurate, and correct in all respects.

Date

By: _____
(Print Name)

(Title)

ATTACHMENT NO. 13

REQUEST FOR NOTICE OF DEFAULT

Recording Requested By and
When Recorded Mail To:

**City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
Attention: City Manager**

(Space above for Recorder's use.)

(This document is exempt from the payment
of a recording fee pursuant to Government
Code Section 6103.)

REQUEST FOR NOTICE UNDER CIVIL CODE SECTION 2924B

(Oldtimers Housing Development Corporation-IV)

In accordance with California Civil Code Section 2924b request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____ on _____, 20__ in the Official Records of Los Angeles County, California, and describing land therein as:

[See Exhibit A attached hereto]

executed by Oldtimers Housing Development Corporation-IV, a California nonprofit corporation, as Trustor/Borrower, in which is named as Beneficiary, and Title Insurance Company, a California Corporation is named as Trustee, be mailed to: City of Huntington Park, 6550 Miles Avenue, Huntington Park, California 90255 Attn: City Manager.

[Request continued on next page]

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED THIS RECORDED REQUEST. IF ADDRESS CHANGES, A NEW REQUEST MUST BE RECORDED.

CITY:

CITY OF HUNTINGTON PARK,
a California municipal corporation

By: _____
City Manager or Authorized Designee

ATTEST:

City Clerk

APPROVED AS TO FORM:

Special Counsel to City

EXHIBIT A TO ATTACHMENT NO. 5

LEGAL DESCRIPTION OF PROPERTY

14242 AND 14262:

LOT 1 OF TRACT NO. 5153, IN THE CITY OF WESTMINSTER, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 186, PAGES 40 AND 41 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY.

EXCEPTING THEREFROM THE UNDERGROUND WATER RIGHTS WITHOUT THE RIGHTS OF SURFACE ENTRY THEREON, AS DEDICATED TO THE CITY OF WESTMINSTER ON THE MAP OF SAID TRACT.

LOT 2 OF TRACT NO. 5153, IN THE CITY OF WESTMINSTER, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 186, PAGES 40 AND 41 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY.

EXCEPTING THEREFROM THE UNDERGROUND WATER RIGHTS WITHOUT THE RIGHTS OF SURFACE ENTRY THEREON, AS DEDICATED TO THE CITY OF WESTMINSTER ON THE MAP OF SAID TRACT

14282

LOT 3 TRACT NO. 5153, IN THE CITY OF WESTMINSTER, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 186, PAGES 40 AND 41 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.



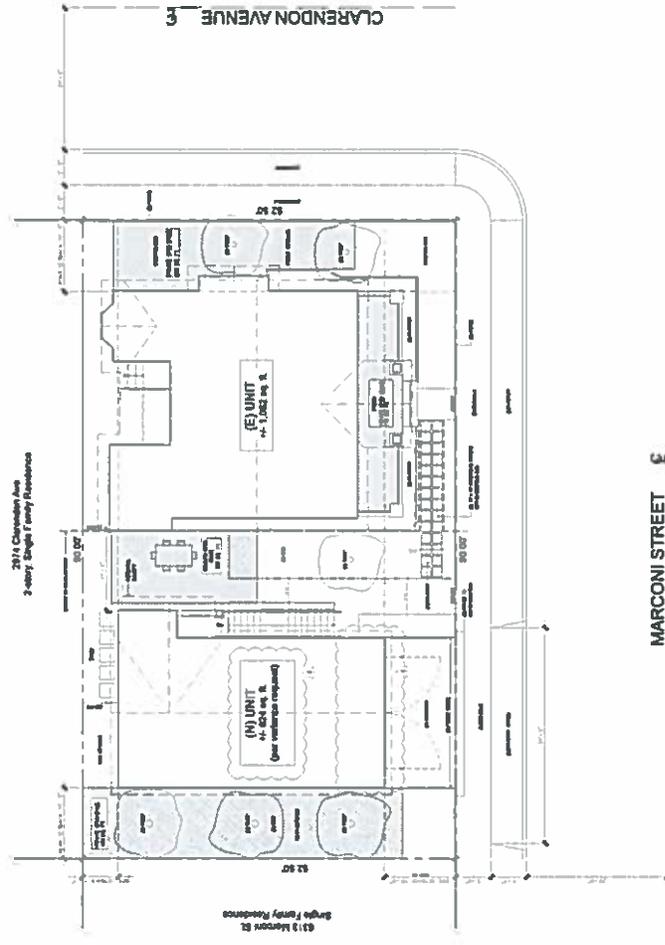
VICINITY MAP



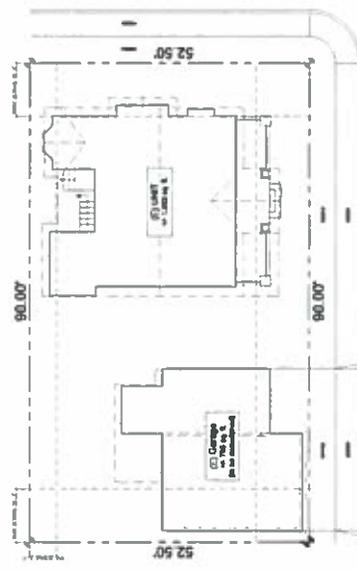
PROJECT INFO.

Property Owner:
 Clarendon Housing Development Corporation
 3355 Clarendon Ave
 Huntington Park, CA 90254
 (310) 211-4678
 Developer:
 Totum Corp
 Attn: Blake Zimble
 18130 Ventura Blvd., Suite 317
 Sherman Oaks, CA 91403
 (310) 251-4574
 Zone: RLM
 APN: 8318-001-005
 Legal Description: C.S. Lots 444 to Huntington Park M
 90 ft of 161 8th St E

Lot Size: 4,728 sq ft
 Area: 1,042 sq ft
 Total Building Area: 1,743.00 sq ft
 Total Parking Required: 4 spaces
 Total Parking Provided: 4 spaces
 Landscaped: 2 landscaped spaces
 2 landscaped spaces
 Open Space Reserved (SFRAC 3-1-102): 450 sq ft
 Open Space (SFRAC 3-1-102): 450 sq ft
 Open Private Space (SFRAC 3-1-102): 200 sq ft
 Open Common Space: 200 sq ft
 Open Space Provided:
 (1) Ground Floor Unit Private Space: 250 sq ft
 (2) 2nd Floor Unit Private Space: 200 sq ft
 Common Open Space: 200 sq ft



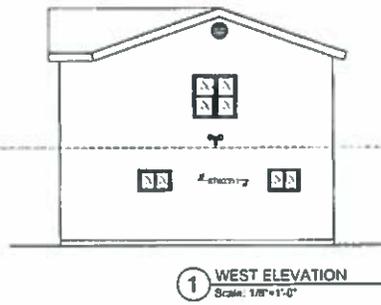
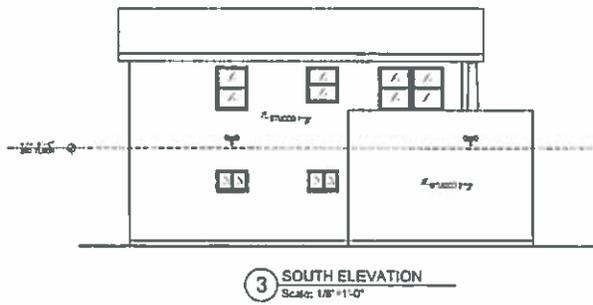
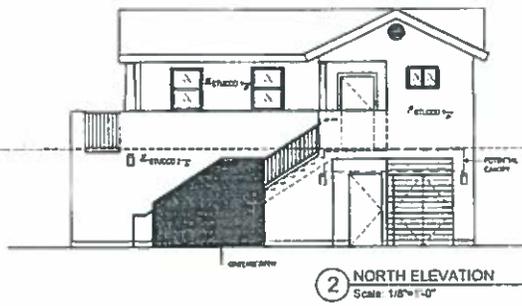
2 PROPOSED PLOT PLAN
 Scale: 1/8"=1'-0"
 North



1 AS-BUILT PLOT PLAN
 Scale: 3/32"=1'-0"
 North

Project Title:
 Marconi Street Housing
 Development
 6303 Marconi St.
 Huntington Pn., CA 90254
 Project No.: 2022-001
 Date: 02/27/24
 Version: 1
 Drawn By: GZ
 Checked By: GZ
 Issue Date: 02/27/24
 Scale: 3/32"=1'-0"

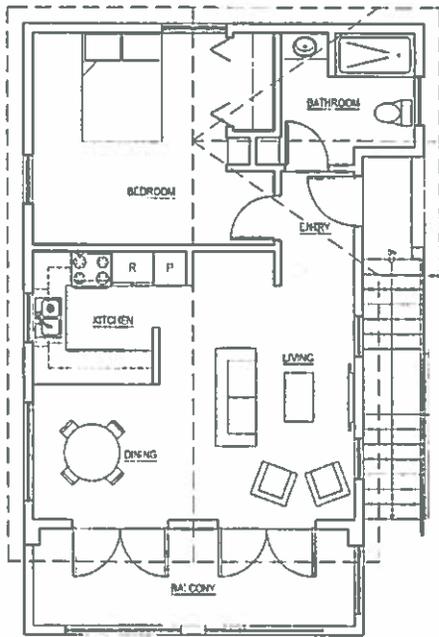
A1.01



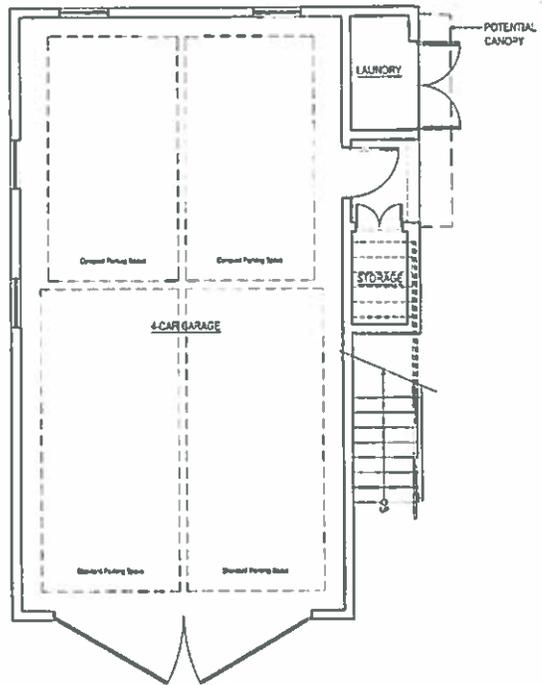
integrated
design
construction
management
sustainability
tofum

Marconi Development
6303 Marconi Street
Huntington Park, CA 90255

Draft Development Permit Drawings



② 2nd FLOOR PLAN
Scale: 3/16"=1'-0"



① GROUND FLOOR PLAN
Scale: 3/16"=1'-0"



integrated
design
construction
management
sustainability
to turn

Marconi Development
6303 Marconi Street
Huntington Park, CA 90255

Draft Development Permit Drawings



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

June 14, 2016

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

RESOLUTION AUTHORIZING THE CITY TO APPLY FOR A SECTION 108 LOAN GUARANTEE PROGRAM

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve Resolution No. 2016-25, authorizing the City to submit an application for a Section 108 Loan Guarantee Program administered by the U.S. Department of Housing and Urban Development (HUD) to facilitate the development of a potential commercial project; and
2. Authorize the City Manager to execute all documents related Section 108 Loan.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In an effort to seek funding to leverage economic development projects and revitalize distressed areas, staff recommends that City Council approve submittal of an application for a Section 108 Loan Guarantee Program (Section 108 Loan) for a maximum amount of \$6,236,640. The funds will be used to finance a commercial development project within the City. The Section 108 Loan offers state and local governments the ability to transform a small portion of their Community Development Block Grant (CDBG) funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects capable of revitalizing entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas.

FISCAL IMPACT/FINANCING

As an entitlement community, the City can apply for up to five times its latest approved CDBG entitlement amount or \$6,236,640 (5 X \$1,247,328 FY 2016-17 entitlement amount). The principal security for the loan guarantee is a pledge by the City of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be

RESOLUTION AUTHORIZING THE CITY TO APPLY FOR A SECTION 108 LOAN GUARANTEE PROGRAM

June 14, 2016

Page 2 of 3

determined on a case-by-case basis, but could include assets financed by the guaranteed loan.

- **Repayment:** The maximum repayment period for a Section 108 loan is twenty years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.
- **Financing Source:** Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD.
- **Interest Rates:** Interest rates on interim borrowing are priced at the 3 month London Interbank Offered Rate (LIBOR) plus 20 basis points (0.2%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

As with the CDBG program, all projects and activities financed with the loan must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. Activities eligible for Section 108 financing include:

- economic development activities eligible under CDBG;
- acquisition of real property;
- rehabilitation of publicly owned real property;
- housing rehabilitation eligible under CDBG;
- construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- related relocation, clearance, and site improvements; and
- payment of interest on the guaranteed loan and issuance costs of public offerings;
- debt service reserves;

CONCLUSION

Upon approval of the attached Resolution staff will submit the application and all required documents for the loan.

**RESOLUTION AUTHORIZING THE CITY TO APPLY FOR A SECTION 108 LOAN
GUARANTEE PROGRAM**

June 14, 2016

Page 3 of 3

Respectfully submitted,



EDGAR P. CISNEROS
City Manager



MANUEL ACOSTA
Economic Development Manager

ATTACHMENT(S)

A. Resolution No. 2016-25

1 SECTION 3. The City Manager of the City of Huntington Park is authorized to accept
2 the Section 108 Loan funds on behalf of the City if awarded for the purpose outlined in the
3 loan application.

4 SECTION 4. The City Manager of the City of Huntington Park is authorized to
5 execute all documents, including contracts, subcontracts, agreement extensions, renewals,
6 and/or amendments required by the Section 108 Loan,

7 SECTION 5. The City Clerk shall certify to the adoption of this Resolution, which
8 shall be effective upon its adoption.

9 **PASSED AND ADOPTED** this 14th day of June, 2016.

10
11 _____
12 Graciela Ortiz, Mayor

13 ATTEST:

14
15 _____
16 Donna G. Schwartz, CMC
17 City Clerk
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28

CITY OF HUNTINGTON PARK

**City Council Special Meeting Agenda
Tuesday, June 14, 2016**

REGULAR AGENDA

PUBLIC WORKS

5. Huntington Park Strip Traffic Concerns

- DISCUSSION ONLY -